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CA - 59-132

May 15, 1959

The White House
Washington

THE CABINET

Agenda

9:00 A. M., Friday, May 15, 1959

1. Education for the Age of Science	CP - 59-13/4	Dr. Killian Dr. Lee DuBridge ✓
2. Tax Problems Involving DuPont Stockholders	(Oral)	Secretary Anderson ✓
3. Cabinet Members' Presence in Washington	(Oral)	The President ✓

Note: If there is time the item is ready to be presented.

4. Plan for United States Government Participation in the Century 21 Exposition in Seattle	CP - 59-97 ✓	Secretary Strauss Under Secretary Mueller Mr. Francis Miller

Robert Gray
Secretary to the Cabinet

CABINET PAPER
For Action

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ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By DHC NLE, Date 8-11-76

~~CONFIDENTIAL~~

MINUTES OF CABINET MEETING

May 15, 1959

9:05 a. m. -- 10:20 a. m.

The following were present:

President Eisenhower

Vice President Nixon

Under Sec. Dillon
  for Sec. Herter
Sec. Anderson
Sec. McElroy
AG Rogers
Deputy PMG Edson Sessions
  for PMG Summerfield
Sec. Seaton
Sec. Benson
Sec. Strauss
Under Sec. James O'Connell
  for Sec. Mitchell
Sec. Flemming

Amb. Lodge
Gov. Hoegh
Director Stans, BoB
Dr. Saulnier, CEA
  Mr. Mueller

Dr. DuBridge, NSF
Dr. Glennan, NASA
Dr. Waterman, NSF
Dr. Libby, AEC
Mr. Charles Lloyd, Commerce
Mr. Francis Miller, Commerce

Gen. Persons
Gen. Goodpaster
Maj. Eisenhower
Mr. Siciliano
Mr. Harr
Dr. Killian
Mr. Robert Briber
Dr. Paarlberg
Mrs. Wheaton
Mr. Merriam
Mr. Gray
Mr. Morgan
Mr. Patterson
Mr. Minnich

The President wanted the Cabinet to know that Secretary Dulles' situation was very poor. Consequently he was going to merely give to Mrs. Dulles, so that she could tell the Secretary about them, a couple of awards that the President had been holding for a day when the Secretary might be feeling up to receiving them.

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Education for the Age of Science - Dr. Killian first reported on the series of 37 studies made by 27 different panels of the Science Advisory Committee. They covered the large fields of scientific and engineering education, scientific requirements related to national security, and recruitment of scientists and engineers. He stated that in the field of education there has been much improvement since Sputnik and the President's ensuing major addresses.

Dr. DuBridge went over the report, stressing the necessary objectives of education in a democratic society, the need for full development of talented youth while accomplishing education for all, and the importance of securing more and better teachers by making the profession more attractive.

In discussion, Secretary Anderson ascertained that state and local school boards are cooperative in revising the curriculum to meet the problem. Adm. Strauss hoped to see emphasis on superior pay for superior teachers, as well as adequate pay for all. Mr. Benson ascertained that industries having the need for scientists and engineers are definitely increasing their scholarship contributions and other incentives to induce young people to enter the field.

The President spoke at length on the importance of the social position of teachers and effective recognition of their great contribution. He felt this was something that could not be treated haphazardly or on a once a year basis. Instead, there was a need for a plan to be developed, perhaps through the Foundations, achieving the necessary effective organization. He thought the morale factor was as important to teachers as to soldiers.

Mr. McElroy and Dr. Waterman spoke of efforts to encourage officers in the armed services to prepare for teaching after retirement. Dr. Flemming thought that colleges and universities could do more in regard to conferring honorary degrees on secondary school teachers.

Dr. Killian requested authorization for making this report public. The President approved and suggested further the development of appropriate speech material.

Tax Problems - Sec. Anderson called attention to the hearings next week on the Frear bill designed to correct the inequitable tax situation that will result should the courts order DuPont to divest itself of General Motors stock. The necessary distribution to individual stockholders will be subject to relatively heavy taxation as compared with corporations holding this stock. Mr. Anderson felt that in unique situations like this the law ought to provide for treatment of such dispositions as capital gains, since this is very similar to "partial liquidation". He noted also that there would probably be a distinct market effect when this distribution starts -- if required.

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Attorney General Rogers emphasized the matter of equity and hoped that Treasury Department officials could also emphasize this rather than merely pointing to the actions of the Justice Department and law enforcement. He made clear that the bill is general in nature rather than limited to the DuPont-General Motors case. He had been informed that the Frear bill would not draw the attacks of opposition radicals. Mr. Anderson stated Treasury problems with the great variety of tax revision proposals, mostly individual relief proposals, which Treasury uniformly opposes. Mr. Rogers regarded this bill not as relief but as a companion piece to the Bank Holding Act, which has similar purpose.

Seattle Exposition - Sec. Strauss asked Mr. Mueller to conduct this presentation in view of his own "preoccupation" recently. Mr. Mueller briefly noted the requirement in P. L. 85-880 for a report on how the Federal government might best participate in this "Century 21" exposition. Mr. Miller then presented a series of charts regarding the exposition as a whole and particularly the plan for the Federal government to be responsible for the section on science. He outlined the plan to have this cover the life sciences, energy, man and space, realizing that the space exhibit would have to cover what is the science fiction of today but would be the commonplace of the next century. He stated that the government program would cost about $12-1/2 million over a four year period, but that the exhibition could be dismantled and moved for extensive further display and education. Mr. Miller stressed throughout the presentation how such an exhibition would help to solve such problems as Dr. Killian had discussed earlier in the meeting.

The President was interested in the relationship of this proposal to the participation of other governments. Adm. Strauss made clear that this entire exposition was to get away from the idea of national pavilions, that no exhibition would bear any particular national label, indeed that the basic law had directed the avoidance of undue national competition. Mr. Miller stated that while the U. S. government would be responsible for this exhibit, it would invite other nations to participate and would work toward providing any nation having a particular scientific specialty the opportunity to exhibit that specialty. He noted that the invitation to Russia would contain a stipulation that the United States have an opportunity to exhibit in a Russian city that year.

Dr. Flemming, in the course of this discussion, ascertained that the city of Seattle would be responsible for the other sections of the exposition, and that there would be full opportunity for American (not U. S. government) exhibits in other fields like arts, entertainment, etc.

Mr. Mueller then stated the four recommendations: (1) transmittal of this report to the Congress, (2) an appropriations request of $12-1/2 million, (3) Presidential approval of the pertinent proclamation, and (4) issuance of a White House press release.

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The President approved after being informed by Mr. Mueller that Congress had already provided the basic authorization for this, and from Mr. Stans that this appropriation had been foreseen and was covered in the contingency item.

Absences from Washington - The President reminded the Cabinet of his desire that Department and Agency heads be at hand in Washington during the concluding months of the Congressional session when frequent conferences are necessary in important legislation. Except for really essential absences, he hoped they would not be out of the city for more than overnight trips. Where longer absences are necessary, he asked that they consult first with General Persons as to problems likely to arise and how they would be handled.

LAM
L. A. Minnich, Jr.

Copies to:
✓Mrs. Whitman (2)
Mr. Gray
Mr. Minnich

~~CONFIDENTIAL~~

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Property of the White House—For Authorized Persons Only May 22, 1959

THE WHITE HOUSE

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet meeting of Friday, May 15, 1959:

1. Education for the Age of Science **CP - 59-13/4**

ACTION: The Recommendation in CP - 59-13/4 was approved, with special emphasis being placed on the following suggestions:

a) Advocacy of incentive pay for superior teachers is not to be overlooked;

b) Much greater attention should be paid to ways of elevating the social prestige of the teaching profession and of teachers, particularly those in primary and secondary schools;

c) Consideration should be given to stimulating private, well-organized and continuing mechanisms for recognizing and honoring outstanding teachers;

d) The assistance and incentives which business organizations, as major "consumers" of scientists and engineers, can give to the improvement of science and engineering education should be continued and maximized;

e) Efforts should continue to encourage appropriate retiring military personnel to keep making their skills available to the nation by going into teaching;

f) The ideas in this Report, especially as emphasized above, should be included frequently in Administration speeches; the Report itself will be made public.

2. The Century 21 Exposition in Seattle **CP- 59-97**

ACTION: The Recommendations in Cabinet Paper 59-97 were approved with the understanding that it is to be made clear to all the foreign governments invited to participate in the Exposition that the exhibits in that part of the Fair financed by the Federal Government are to be functionally arranged, by subject, and not identified as "national exhibits" in the sense of comparison or competition.

DECLASSIFIED
Authority NSF ltr 3/12/76, State ltr 6/27/75
Date Treasury ltr 3/6/75; Justice ltr 2/18/75, NSC ltr 5/26/75
By DJH, NARS Date 4/15/76

CABINET PAPER

For Action

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ADDITIONAL ITEMS:

A. Administration Position on S 200
(Confidential)

ACTION: The Secretary of the Treasury and the Attorney General consulting as appropriate with the Director of the Bureau of the Budget, will work out an Administration position with respect to the above legislation, recognizing the inequities likely to occur to some individuals as a result of the effectuation of the Supreme Court decision involved, but minimizing "special case" relief and the loss of income to the government.

B. Cabinet Members' Presence in Washington

ACTION: Particularly in view of the recommendations expected concerning the many legislative matters which will be requiring the Chief Executive's action during and immediately following the current session of Congress, the President requested that no Cabinet member plan an extended trip out of Washington in the months just ahead without consultation with the Assistant to the President.

Robert Gray
Secretary to the Cabinet

Approved by the President
May 22, 1959

CABINET PAPER

For Action

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

WBP

May 11, 1959

MEMORANDUM

SUBJECT: Cabinet Agenda for Friday, May 15, 1959

The following items are scheduled for next Friday's Cabinet agenda:

1. Education for the Age of Science (Dr. Killian and Dr. DuBridge)

20M

The President's Science Advisory Committee has just endorsed an important report from its Panel on Science and Engineering Education (of which Dr. Lee DuBridge is Chairman).

Dr. Killian and Dr. DuBridge wish to present this report for the information and guidance of the members of the Cabinet and the President. They will recommend that the report be issued as a White House press release -- a measure which will help implement the report's chief purpose of focusing attention on the need.

2. Plan for the U. S. Government Participation in the Century 21 Exposition in Seattle (Secretary Strauss or Under Secretary Mueller)

Public Law 85-880, enacted last September, requires the President to report to this session of Congress his plans and recommendations for the Federal Government's participation in the Century 21 Exposition which will open in Seattle in May of 1961. Working with the interested agencies, the Department of Commerce has prepared such a plan; its cost of $12,500,000 (over four fiscal years) has been cleared with the Bureau of the Budget. It is now time for the President to submit the report to the Congress and issue a proclamation inviting the other nations to participate in the Exposition.

10M

3. Federal Emergency Plan D-Minus **(Director Hoegh)**

After a year of staff-level work and inter-agency consultation through the Civil and Defense Mobilization Board, Governor Hoegh has prepared Plan D-Minus for Cabinet-level concurrence and Presidential approval.

This plan is the basic document which sets the framework of Federal Government actions in case of a sudden, all-out attack on the U. S.

Plan D-Minus sets forth certain Planning Assumptions in terms of what will happen in the various fields of U. S. resources; it then proposes Major Federal Policies to be followed. It is these policies to which the Cabinet is to give principal attention. The plan also lists the Presidential actions to be taken, and subsequently the actions to be taken by the Director of OCDM.

The Director will use charts to accompany his presentation of this document.

4. Cabinet [illegible] presence ~~attendance~~ ~~during~~ in Washington ;

You want to remind members of the cabinet to make their plans to remain in the capitol during the closing weeks of the Congressional session.

Robert Gray
Secretary to the Cabinet

THE WHITE HOUSE
WASHINGTON

May 12, 1959

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Friday, May 15, 1959

The following items are scheduled for next Friday's Cabinet agenda:

1. Education for the Age of Science (Dr. Killian and Dr. DuBridge)

The President's Science Advisory Committee has just endorsed an important report from its Panel on Science and Engineering Education (of which Dr. Lee DuBridge is Chairman).

Dr. Killian and Dr. DuBridge wish to present this report for the information and guidance of you and the members of the Cabinet. They will recommend that the report be issued as a White House press release -- a measure which will help implement the report's chief purpose of focusing attention on the need.

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The Director will use charts to accompany his presentation of this document.

4. Tax Problems Involving DuPont Stockholders (Secretary Anderson)

Under the Supreme Court decree which had the effect of divorcing General Motors and DuPont, the stockholders in the latter were required to sell their General Motors stock. These forced sales -- the stockholders having little or no option in terms of the time of the sale or the price -- result in profits taxed at regular income rates. The point has been raised that this treatment is unfair, and proposals have been made that the Dupont-General Motors stockholders should receive some kind of tax relief for these sales. It is obvious, however, that any relief measure would be labelled in the Congress as a "relief for the rich" and that the points of equity involved would be submerged in a political furor.

5. Cabinet Members' Presence in Washington

You want to remind members of the Cabinet to make their plans to remain in the Capital during the closing weeks of the Congressional session.

Bob

Robert Gray
Secretary to the Cabinet

THE PRESIDENT'S SCIENCE ADVISORY COMMITTEE
EXECUTIVE OFFICE BUILDING
WASHINGTON 25, D. C.

May 19, 1959

MEMORANDUM FOR BRAD PATTERSON

The attached are copies of Dr. Killian's and Dr. Dubridge's drafts of their Cabinet presentation. These are the drafts from which they spoke. I cannot vouch that neither departed from their exact text, although both certainly maintained the context of what is said in the attached.

Bob

Robert M. Barber

5/15/59

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Cab. file -
Mtg of Cabinet
Baker

Mr. President, Members of the Cabinet:

Your Science Advisory Committee, in association with my office, have now completed 37 major studies and reports which have been prepared by 27 panels utilizing the experience and knowledge of 160 scientists and engineers recruited from industry, education, and government. A majority of these studies have dealt with ways by which science and engineering can support our national security objectives. Another group of studies have sought to provide technical analyses needed to support our foreign policy objectives, as for example, technical material needed for the Geneva negotiations on nuclear test cessation and surprise attack. Another group of

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studies have been directed at the strengthening of science and engineering in the United States and in the Free World. Examples of this last category include a major study on research policy which we presented to the Cabinet last December and which led to your establishment of the Federal Council for Science and Technology and a study on the international pooling of scientific activities, which is now nearing completion.

The report which we summarize today on science and engineering education represents another part of our work involving the provision of advice on strengthening our science and engineering

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Many of the problems which we have examined, including those in the area of defense technology, have shown repeatedly the importance of strengthening our education in the field of science and engineering, and we have noted many opportunities and needs indicating the importance of providing more scientists and engineers with education modernized to meet our current needs. To cite but one example, we find that there is a great need for a better mastery of materials, as for example, high-temperature materials. In solving many of our problems in defense technology and other development activities, the conclusion has become clear that we need more stress on the education of scientists

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and engineers who can contribute importantly to the development of new and better materials. We believe that any comprehensive program to underwrite the strength of our science and engineering in the future must give central attention to manpower requirements which involve improvements in our national pattern of education. We have also become aware of specific deficiencies in our science and engineering education which it is appropriate to call to the attention of the public at large and where there is an opportunity, through public interest, to make headway. We need, for example, to strengthen the content of science courses in the high schools and in the

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colleges themselves. A study group sponsored by the National Science Foundation together with several private foundations has been recently seeking to improve the teaching of physics. This group made an intensive examination of teaching materials and subjects for our high schools and came to the conclusion that much of our physics teaching was now out of date and inadequate to provide the underlying preparation for general understanding of modern physics as well as inadequate preparation for professional training of scientists. Similar efforts to improve outmoded teaching methods and materials in the other sciences are now getting under way, as for example, in mathematics and biolog

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During the last year and a half, following Sputnik, there has, of course, been widespread public discussion of the effectiveness of our science and engineering education, and it is clear that there is a much better public appreciation of what our requirements and standards should be. Following your two speeches in November, 1957, and in response to the widespread discussion of our science and engineering education in comparison to that of other countries, particularly the Soviets, there has been a heartening grassroots effort to make improvements. As one visits around the country, one sees impressive evidence of many local programs designed to improve education

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in the sciences. There are other examples of a startling amount of interest in science education. A current nationally televised physics course given at 6:30 in the morning called "Continental Classroom" apparently has a listening audience of over a quarter of a million and, I am told that more than 6,000 of these are taking this course for credit in association with colleges and universities.

Currently there is much discussion of engineering education and there is concern that the number of students enrolling as freshmen in engineering schools this last fall dropped 12 per cent. There is further indication that there may be another drop this coming fall.

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There is some indication that the students who are not electing to study engineering may be electing to study science and there is also some evidence that the reason that this is happening is that our engineering education is not as challenging to able students as education in the sciences. This is an example of one type of problem that we need to bring to the attention of the public.

These and many other problems are discussed in the report which is presented today. This report has been prepared by a group of scientists and engineers and educators who are close to the problems of education in science and engineering.

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The report will be summarized by Dr. Lee A. DuBridge, Chairman of the panel and President of the California Institute of Technology.

DuBridge's presentation to the Cabinet -

PRESIDENT'S SCIENCE ADVISORY COMMITTEE

PANEL ON SCIENCE AND ENGINEERING EDUCATION

Digest of Report

Introduction

At the request of Dr. James R. Killian and his Science Advisory Committee, the Education Panel has been examining for the past few months the nation's educational system with a view to determining its adequacies and inadequacies from the point of view of the scientist and engineer. It was not our purpose to make an extended factual survey of our schools and colleges, for such surveys have been made by other agencies. Rather, it was our hope to examine our educational system from the qualitative point of view and to ask whether, in a society which depends so heavily on science and technology as does modern America, our schools and colleges are good enough to meet current needs.

Two general problems were in our minds throughout. First, the problem of attracting more talented young people into the science and engineering professions, encouraging and stimulating them in their educational process, and giving them an adequate and an adequately thorough educational experience. Recognizing the need for more scientists and engineers, we recognize even more emphatically the need for better ones.

Second, we recognize the fact that in modern America scientific and technological developments have had a profound effect on national

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life, and these developments have raised a host of problems which demand intelligent consideration by all citizens and at all levels of government. Hence, there is a rapidly increasing need for a wider-spread understanding of science and technology and a requirement that every educated person shall have had an adequate introduction to these fields.

Needless to say, we find that there are substantial weaknesses in our educational system as it seeks to meet these two goals. We hasten to point out, however, that the American educational system is, nevertheless, the finest in the world, and it surpasses any other system of which we have knowledge in meeting the requirements of a democratic society. If our system had been designed for an aristocratic society which wished to give education beyond the high school to only a few percent of its young people, we would of course have built a very different system. But we in America are committed to giving to a very large fraction of our young people (some 70 percent or more) the advantage of a high school education, and giving to more than a third of our young people the advantage of some post-high-school educational opportunity.

I do not think we would wish to change these goals even if we could. But we do need to ask whether, as we provide opportunities for large numbers of students, we are also encouraging the exceptionally able student and giving adequate attention and opportunity to those gifted young people who will be the intellectual leaders of tomorrow.

No one will ever be satisfied with the job we are doing in this respect. High quality in education is a goal always to be sought, but one which can never be perfectly realized -- for our standards of high quality will continually advance.

The Introduction to our Report sets forth certain of these matters, as indicated on Chart 1. We review the aims and assumptions of the American educational system, and we then call attention to the wide variety of talents to be found among our young people, and thus the wide range of intellectual ability with which our schools must cope. We then point to the fact that there have been many changes in our educational system in recent years and many demands for additional changes. To a large extent this ferment within education has been good -- as long as it does not degenerate into chaos. The essential point is that we in the United States must keep our goals clear, so that such changes as we make in our educational system from time to time are in line with these goals and are not dictated by sudden emergencies, by hysteria caused by spectacular events abroad, or by sudden fears that someone else's educational system is better than ours. We may need to make our system better, but to attempt to copy some other system based on a wholly different theory of government would be fatal.

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The Place of Science and Technology

In our second chapter we then set forth the ways in which science and technology have altered modern civilization, and then the ways in which these facts need to be taken into account in our educational system. There is no need to recite here the enormous impact that the growth of science and technology have had upon the way of life, upon communication and transportation, upon our industrial development and our national security. Continued progress in all of these fields is essential to national progress and such progress will depend critically, first, upon having highly trained practitioners in these fields and, secondly, upon having wide public understanding of their significance.

But we believe there are deeper values in the study of science, for science's new views of the nature and evolution of the universe, and of the nature and evolution of life are exciting and stimulating and humanizing concepts which can well be a part of the equipment of every educated person. Today, as we approach the spectacular entry into the space age, it is especially important that an ever growing number of people shall be enabled to separate fact from fancy in this new era.

The Major Tasks

Where, then, shall we begin to achieve these aims? (Chart II) We have concentrated attention of three major tasks:

1. The enhancement of emphasis on intellectual quality in our educational process, and the improvement of the qualitative content of our curriculum.

2. The recognition of teaching as a profession of primary importance in our society, and improvement in the quality and effectiveness of our teachers.

3. The recognition of the wide variety of individual talents among our students and an enhancement of our attempts to meet the needs of all -- and especially those of the academically able and the specially gifted student.

Intellectual Excellence

In discussing the first item, we note that the importance of intellectual achievement needs to be recognized more widely not only in our school system, but throughout the nation. It is natural that popular acclaim shall be more frequently accorded the athlete, the entertainer, or the millionaire rather than the scholar, the teacher, the doctor, or the engineer. Hence, the importance of intellectual achievement must always be stressed throughout our school system, and parents, teachers and citizens need to work together to this end.

The Teacher

We have found cause for considerable concern in the national situation relating to the supply of good teachers. At every level of our educational system the rise in school population seems to be outrunning the number who are preparing themselves for teaching. This is especially true in science, engineering and mathematics. A shortage of teachers in any school system is bound to be an eroding influence. Either it forces the employment of poorly qualified individuals in the absence of qualified ones, or else it forces impossible loads upon present teaching personnel, or both. The teaching shortage is therefore a matter of grave consequence if we are concerned with the quality of our schools and colleges.

There are only two solutions to a teacher shortage: To attract, encourage, train and retain more teachers; and/or to develop ways of extending the effectiveness and influence of the individual teacher so that he can continue to do an effective job even with a larger number of students.

We should, of course, do both of these things -- and, to a certain extent, we are now doing both. Our Report emphasizes the importance of giving more recognition and more dignity to the teaching profession, more recognition and rewards for its intellectual and scholarly endeavors.

In increasing the effectiveness of individual teachers we believe a great deal more can be done. Primarily we believe we can help the teacher vastly by placing in his hands and in the hands of his students more and better "learning aids". In the science fields especially we find that textbooks are often grossly out of date, are dull and uninspired, that laboratory equipment and guides fail to reflect the aim of allowing the student to discover the laws of nature for himself. Also, far too little use has been made of motion pictures, supplementary reading materials and other aids to teacher and student. We recommend in the Report a major effort on the part of scholars and

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teachers in all science fields -- and in other fields too -- to seek such improvements in teaching effectiveness.

Adequacy of Science Education

The last portion of our Report (Chart II-a) is devoted to a more detailed analysis of the problems of teaching in science and engineering at all levels of our educational system, from the high school to the graduate school. At each level we find both strength and weakness; at all levels we feel justified in calling for greater emphasis on high quality of intellectual achievement.

Library

1. The High School - At the high school level science teaching suffers from the fact that the research scholars in various fields have lost contact with the content of high school courses. This does not mean that these courses fail to mention atoms and molecules, or that they leave out reference to great achievements of modern technology. Rather -- and more importantly -- they fail to reflect the point of view of modern science, its major concepts and their interrelationships. Fortunately, a start has been made toward improving this situation. ~~The Physical Science Study Committee -- a cooperative study headed up at M.I.T. and supported by the National Science Foundation~~ -- has evolved a completely new high school course in physics and is now in the process of preparing the necessary textbooks, supplementary reading materials, laboratory experiments, motion pictures and other instructional and learning aids to bring physics to the high school student in a new and stimulating way. These aids will also be of enormous help to the teacher,

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'C'
[illegible] Bridges
Jerry P.

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and summer institutes for teachers are now being carried on to give the teachers familiarity with the new ideas and the new materials.

We regard this as a development of major importance in education and we believe the effort should be adequately supported and extended to other fields. Here is a field where the investment of a few millions of dollars can make a major improvement in the quality of science instruction and thus help enhance the intellectual level of our high schools.

2. The Liberal Arts College - As we turn attention to the liberal arts college (whether it be a separate college or a part of a university) we find two causes for concern. First, there is a widespread feeling that a "liberal arts" curriculum should be one which includes nearly everything except science. Second, we find in college, as in the high school, the same lack of contact between the teacher of elementary science and the scholar in the field. We believe that the same sort of effort that we have recommended for the high school science courses be extended to the elementary college level -- to the end that a radical revision in course content and teaching methods be introduced. We make a plea also to the liberal arts colleges to remember that mathematics and science have always been a part of a truly "liberal" education and that in these days it is even more essential that every citizen have some understanding of the world of science in which he is going to live.

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3. Adult Education - The scientific age has dawned so rapidly that there are now millions of our citizens who completed their formal education some years ago and who now find themselves almost illiterate in many fields of science which are of current urgent concern. Our schools may do an excellent job in educating the next generation -- but can we wait? If the full resources of our present-day media of mass communications were concentrated on this task -- and if the best scientists and scholars of the country could be persuaded to participate -- this task could be achieved.

4. The Engineering College - We come now to one of the most important and difficult areas in our whole educational system -- the engineering college. While we all talk glibly about the age of science, we know perfectly well that it is the engineer who undertakes the task of converting the discoveries of science into things which are of use to men. Yet in this age when the need for engineers has been rapidly rising, the enrollments in our engineering colleges have remained relatively stable. There was a rise after World War II, then a fall, then a rise again after Korea, and now again a fall. To some extent the fall in engineering enrollment has been balanced by rises in science degrees -- with the result that scientists are being employed at engineering tasks. This is not the correct solution.

We believe that the engineering colleges themselves must take the lead in remedying this unbalance. A thorough restudy of engineering curricula is called for to take into account the fact that the old distinctions between mechanical, electrical and civil engineering have

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broken down. Fluid mechanics, materials, electronic computing, magnetohydrodynamics, combustion and nuclear energy are among the emerging fields of engineering -- and too often students are attracted into physics rather than engineering because only there do they seem to find these new areas represented.

The engineering colleges who are taking the lead in meeting these problems face a discouraging task in attracting and retaining top-notch faculty members. The attractions of industry and government are often very great -- yet somehow that competition must be met if the quality of our engineering education is to keep pace with our national needs.

5. The Graduate School - This leads us directly into the last item for discussion -- the top level of our educational system -- the graduate school. Here are trained the teachers, scholars, research workers and intellectual leaders of tomorrow. Yet in the science fields there are far too few high quality graduate schools in the country, and in engineering we have scarcely begun the development of adequate graduate work. We award only about 600 Ph.D. degrees each year in all the engineering fields together -- a fantastically inadequate number. We need twice that many to man our engineering faculties alone.

At this level in our educational system, where our national welfare and security are so critically at stake, it is evident that the Federal government has a major responsibility. A research physicist or engineer is a national and not merely a local or state asset. Fortunately,

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the National Science Foundation, the Public Health Service, and other agencies have made important contributions to this problem. But much more remains to be done. In place of the present 5 to 15 top quality graduate departments in various fields we should have 30 to 50. If the tasks of caring for the enormous flood of undergraduate students who are heading for our campuses in the coming years should so overwhelm our universities that they fail to strengthen their graduate schools, our national leadership in science and technology will be in danger indeed.

To sum up: our conclusions and recommendations may be grouped under four heads -- four national goals. (Chart III)

1. At all levels, from high school through the college and engineering school to the graduate school, thorough curricular improvements in science, mathematics and engineering fields are in order to bring the courses into line with modern concepts, modern practices and modern needs. The working scientists and engineers themselves must take a leading part in this effort.

2. In view of an apparently inevitable shortage of teachers at all levels in our system, we must improve the attractiveness of the teaching profession, must revise our ideas about the training of teachers, and especially we must provide very much more adequate teaching and learning aids to teachers and students.

3. We must recognize that the talents of students range over a wide spectrum from the dullard to the genius. Every individual should have educational opportunities commensurate with his abilities. But we

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need to expend greater efforts to discover and encourage exceptional talent in every field -- because exceptional talent is truly our greatest national asset.

4. The leaders of tomorrow in all fields -- politics, business, industry, the arts, sciences and professions -- will be the graduates of our institutions of higher learning and their graduate schools. We cannot afford to have these less than the best, and the investment of even substantial efforts and funds to this end will be an excellent investment in national welfare and security.

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May 8, 1959

The White House

Washington

THE CABINET

The Dwight D. [illegible]

Education for the Age of Science

For consideration by the Cabinet, the attached paper has been prepared by the Special Assistant to the President for Science and Technology. This paper is a summary of a statement by the President's Science Advisory Committee. The full statement is appended to the Cabinet paper as an annex.

These documents present the views of scientists and engineers, along with educators specifically concerned with science and engineering education, as to ways in which American education can be strengthened. The statement attempts to set forth national goals for improving science and engineering education and urges support by all our people to meet these goals.

The recommendations and improvements suggested in this statement are not directed specifically toward any public or private agency for implementation but, rather, are considered as background recommendations and comments illustrative of the convictions of such an outstanding group of scientists and engineers.

It is being recommended that the full statement be released for publication at an early date and given wide distribution, so that it will be useful to public and private agencies, parents, school boards, and all others concerned with education in science and engineering.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Consideration

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CP - 59-13/4
May 8, 1959

The White House

Washington

THE CABINET

Education for the Age of Science

A group of scientists, engineers, and educators[1], working under the auspices of the President's Science Advisory Committee, has sought to outline national goals in education which would serve to strengthen education in science and engineering. The strength of our education in science and engineering is dependent upon the overall strength of our educational system. This statement, therefore, discusses the needs and goals important for the advancement of all our education as well as the specific ways whereby science education can be strengthened.

I. Strengthening Education in Science and Engineering

Those sections, highly summarized, which deal specifically with the improvement of education in science and engineering include the following:

A. Continued improvement in secondary school education is a requisite for achieving the full potential of our science education. Subject matter, which in some fields of science is still more appropriate to bygone days, must be further modernized. Teaching and learning aids need to be further developed to demonstrate and dramatize modern course content; these aids can greatly increase the efficiency of the teacher. Because high quality instruction in all the high school subjects is a primary need, the entire high school curriculum should be reviewed. The high school education needed by the future scientist and engineer in a modern, technological society should be outlined by private groups for the use and guidance of all concerned with education in secondary schools.

B. The undergraduate liberal arts college, to which most college students go, has special opportunities for providing adequate scientific education to students not following a scientific discipline. The scientists themselves have failed adequately to provide the kind of teaching material these colleges need for the general student. The great teachers of science now to be found in liberal arts colleges must be greatly augmented in number; teaching and learning materials must be provided that will aid them in performing their difficult tasks.

C. There is no escape from the urgency of providing high-grade and plentiful adult education in science. Major national decisions are being made now which affect our scientific efforts; these decisions will be made without the participation of our people if the citizenry does not understand scientific matters. Furthermore, major scientific and engineering achievements can be counted upon to raise, as they have already, serious social and international problems which will need the attention of an enlightened citizenry. Science must be made interesting and challenging to the non-scientist, and all the means at the popularizer's command - TV, radio, the press, films, museums - must be used effectively for adult education in science.

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[1] Named on page 34 of the Annex

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D. The profession of engineering has become one of the most important in modern society. The profession offers unparalleled opportunity, and the demands for high engineering skill are very great. Education in engineering, however, requires strengthening to prepare students for rapidly growing and changing technologies. Curricular reform is long overdue in the undergraduate engineering colleges because the old distinctions between fields of engineering at this level have partially vanished. Wholly new points of view in "engineering science" as well as new areas of interest - e. g. communication theory, nuclear engineering, and magneto-hydrodynamics - need to be developed. The functions and responsibilities of the engineer need delineation to distinguish him from the scientist. The attractiveness of governmental and industrial engineering research makes the attraction and retention of topnotch engineering faculties an especially critical problem.

E. American graduate schools in engineering and science are as fine as any in the world, but they are too few in number. The few top-quality departments in each branch of science (which now do not number more than 10 or 20 in physics or chemistry, for example) should number 40, or even 50. New graduate schools, particularly in engineering, need to be developed, and they need to be developed in institutions which have excellent departments of science. Existing graduate departments of engineering need to be strengthened. These may well be the most important developments in engineering education in the coming decade.

II. The Current Need to Improve Subject Matter

The continuing modernization of subject matter should have priority over all other considerations in improving education. The content of science courses has not adequately reflected the advancements which have been made in science itself during the past half-century. Many efforts are currently underway to correct this situation.

Once the content of the various science courses has been reviewed and revised, there still remains the task of preparing textbooks and other learning aids. The learning process should call all the human senses into play and use all the modern techniques of mass communication. This modernization requires the attention of the most able men in the various fields; men who have an encompassing view of their subjects, who know their subtleties and who can judge the emphasis which can sensibly be given each aspect. These men cannot succeed unless they collaborate intimately with the best teachers. Only those who are in contact with students can give sensible guidance as to what can usefully be absorbed by the student and how it can best be presented.

Of all the concrete actions that can be taken to improve education in the United States, the revision of course content and the provision of high quality teaching aids are by all odds the most urgent and the most attainable. A small fraction of the money now being spent for education in the United States will, if wisely spent, greatly increase the efficiency of the teacher and improve the education of the student.

III. Meeting the Shortage of Competent Teachers

Good teachers are now in short supply in all fields and at all levels, and they are going to be in shorter supply in the future. In spite of this shortage, we often ask our teachers to discharge more non-instructional duties than may be necessary, and we are often less concerned with their successes than we are with those of the football coach.

A reasonable workload, a reasonable salary, adequate research or scholarly facilities, good students, and a favorable community attitude, are important among the factors affecting the attractiveness of teaching careers, at any level. Several actions can help the too few teachers we now have and encourage more young people to follow the profession: non-teaching tasks now assigned to teachers can be assigned to others employed for the purpose; salaries can be increased at least to the point where the teacher does not have to work on other jobs to eke out a living; time during the academic year, and pay in the summer, should be provided to permit teachers to keep up with their subject matter; scientists and engineers in universities and industries should collaborate with and aid teachers at all levels; the teacher-training curriculum should be re-examined, and should almost certainly place higher emphasis on the substance of what is to be taught; and finally, and perhaps most urgently, we must develop and supply teachers with far more adequate and up-to-date teaching and learning aids of all types. We should aggressively pursue current efforts in each of these fields.

IV. Better Opportunities for Bright Students

Each potentially good student who is either uninspired or financially unable to become a mature scholar represents a great national loss, especially in science and engineering.

Tragic individual losses occur when able youngsters live in communities which cannot afford the educational opportunities in secondary schools that these talented young people need and deserve. There is probably more attrition of potential talent at this level than in any other part of the education system. Measures should be evolved to provide financial support for bright students whose needs cannot be met in their local community to permit them to study in schools where their special talents might be more fully realized. This opportunity is commended to the attention of all individuals, corporations, foundations and others who search for ways to invest in the improvement of scholarship in American schools.

The potentially great scientist or engineer, scholar, physician or educator who ends up, through no fault of his own, in a position which does not adequately use his native endowment represents an unacceptable national loss. Until recent years the total intellectual capacities of our nation have never really been fully challenged. But they are being challenged today. Our intellectual resources will be adequate to meet our needs only if the full brain power of our highly intelligent population is fully identified, encouraged, developed and utilized. Well-trained minds are among the most critical of our present national assets, among the scarcest and most valuable of our resources.

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The specific conclusions and recommendations of the statement begin on page 28 of the Annex.

Recommendation

That the Cabinet concur in and the President approve the release of the attached statement by the White House as a stimulus and guide to citizens and educators throughout the nation.

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Statement by the President's Science Advisory Committee

EDUCATION FOR THE AGE OF SCIENCE

CHAPTER I

INTRODUCTION

This report on science and engineering education in the United States has been prepared under the auspices of the President's Science Advisory Committee. It presents the views of scientists and engineers, along with educators specifically concerned with science and engineering education, as to ways in which our education can be strengthened so that it will more fully meet the requirements of this age of science, and best serve the nation in this period when the security of the Free World and the defense of human freedom are inescapable responsibilities of the United States. This report attempts to set forth national goals for strengthening science and engineering education and urges support by all our people to meet these goals.

No one in the United States denies that we should have a first-class system of formal education. But not everyone realizes that the strength and happiness, even the survival, of our democratic society will be determined primarily by the excellence and the appropriateness of our educational patterns. Nor is everyone aware that learning, though it begins during the school years, is a lifelong venture; that education is a part of life, not merely a preparation for it.

A modern educational system should not only sharpen the intellectual capacities and curiosities of each new generation, should not only extract the essential core from ever-accumulating stores of knowledge, should not only find ways to produce new leaders equipped to add to these stores and to create all the new tools that the civilization requires; it must also produce citizens and leaders who will know how to use the knowledge and tools to advance social and cultural life.

We ought not speak of our educational tasks solely in terms of buildings or budgets or even of curricula. These, indeed, are necessary means to the end. But we must think of the end itself. The end is clear: to introduce the growing child, the youth, and the adult to the best and most essential elements of the intellectual and cultural experience of previous generations; to do this in such a way that we stimulate curiosity and encourage each individual to look forward, not backward, to develop his own talents to their maximum, and to continue this development throughout his life.

No social activity is, therefore, more important than education. It is right and it is necessary that we should expend great effort and resources in order that every American child shall have the opportunity for the 10, the 15, or even the 20 years of formal educational experience required to give him full command of his intellectual powers and enable him to live a rich and fruitful life, both as an individual and as a citizen. It is right, too, that we should take stock of our educational achievements from time to time, and especially that we should measure them honestly and objectively against our ideals and ambitions.

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The Premises of the American System

The educational needs and problems of each nation have their own peculiar flavor. No nation can copy another. The American problem is conditioned by our traditional dedication to the proposition that most of our children shall have a long educational experience, that no child shall be deprived of the fullest opportunity to develop his own talents, and that the people of each local community shall, to a large degree, be autonomous in the decisions they make about the education of their own children. In theory we intend that the brilliant child shall be able to develop brilliantly; that the slow or backward child shall be nurtured patiently; that the artisan shall not be considered inferior to the intellectual because he is an artisan, if only he is a good one; that no one shall be condemned to a lowly position or elevated to a high one by the mere circumstance of the wealth, power or prestige of his ancestors.

These are our premises and most of our educational policies are based upon them, yet there are inconsistencies. Very few Americans, for example, would insist that the words of the Declaration of Independence require that all Americans be equally competent in intellectual matters and that they should, therefore, automatically pass together from grade to grade in school. Yet occasionally this seems to be our policy.

Americans do not really think that educated people are dangerous or silly -- yet the terms "egg-head" and "intellectual" are not always terms of approbation. We occasionally act as though we feared the word "excellent," especially as applied to mental achievement; as though we felt there was something strange about the "straight A" student.

In short, we cannot always assume that our practices live up to our ideals. Hence, it is profitable every now and again to examine our educational system and to note where it fails to match the highest ideals we have set.

Varieties of Talents

Men have always displayed a wide range of physical and mental talents. Different societies have placed different values on these talents -- now honoring the holy man, now the warrior, now the poet, now the plutocrat, or the athlete, or occasionally the philosopher. The more primitive societies tend to honor the athlete, the warrior and the mystic; the more sophisticated ones recognize also the important place played by the intellectual.

Today in America we need a very wide variety of human talents. We need not only farmers and artisans, and clergymen and lawyers; we need also painters, sculptors, nuclear scientists, business leaders, engineers, architects, economists, bankers and politicians. We need a host of other kinds of people, each with special training but all with a broad background and point of view. Furthermore, as knowledge advances in each generation, and as innovations accumulate, new kinds of skills emerge and students must be trained in new professions to cope with new problems. In the United States of a century ago the average person may have needed only elementary instruction in the "Three R's," plus a grain of common sense, in order properly to discharge the duties of citizenship. But today the Three R's and common sense alone are not enough. In the modern world everyone is, to some extent, a specialist. Yet each specialist in a democracy must also be able to deal with problems for which his specialty does not concretely prepare him.

A successful democratic society, in short, must have millions of well-educated citizens who can comprehend what the specialists and the leaders are proposing, and who have a chance to judge these proposals wisely.

The changing times are also changing the role of women in our society. For more than a century there have been some distinguished career women in the advanced societies. But now modern technology has provided a release from domestic drudgery which offers many women more time, even while they are young mothers, to devote to creative pursuits. Earlier marriages advance the age at which married women can look forward to very substantial commitments of time outside the family. Women therefore constitute an enormous potential resource for research, scholarship and teaching which we have not even begun to tap. We should begin conscious efforts to assist them to make the contributions of which they are capable.

Ferment, not Chaos

Because we are struggling to meet this multiplicity of rapidly changing aims through continual alterations in our educational system, it is perhaps not surprising that our educational world is in a continual ferment. But this ferment, though it is far-reaching, does not necessarily mean chaos. A modern and rapidly changing society inevitably must have a diverse and a rapidly changing educational system. Our society will be shocked from time to time by unexpected and startling events throughout the world. Such events may stimulate us to re-examine our educational procedures. But we cannot amend our educational system overnight, or suddenly remove our educational deficiencies. Our system must be kept on an even keel, our educational goals must be kept clear; we need to work steadily and not impulsively, constantly to improve our system and to accept change as inevitable and desirable.

CHAPTER II

THE PLACE OF SCIENCE AND TECHNOLOGY

Science, engineering and technology have obviously been responsible for a host of conspicuous changes at all levels of our modern civilization. There is much reason to expect that such changes will continue, and will indeed accelerate. There is no way to turn back the clock or to turn off scientific advance. There will be no international moratorium on science or technology. The people of the United States, on the most practical grounds, must accept and support these propositions. By ignoring them, or by fostering them only with reserve, they could doom their nation to unnecessary weakness and backwardness in a world where other nations are not so foolish. Alfred North Whitehead said in 1916:

> "In the conditions of modern life the rule is absolute: The race which does not value trained intelligence is doomed. Not all your heroism, not all your social charm, not all your wit, not all your victories on land or at sea, can move back the finger of fate. Today we maintain ourselves. Tomorrow science will have moved forward yet one more step, and there will be no appeal from the judgment which will then be pronounced on the uneducated."

This is even more forcibly apparent in 1959 than it was in 1916. It follows that we must educate more, and especially we must educate better, scientists and engineers. But this is not enough. We must have trained specialists in many fields. Even then we would not be successful if, having such specialists, the American people were merely to applaud and reward them for their contributions while still thinking of them as useful strangers, dimly understood and more feared than admired. Hence, we must also cultivate a widespread dedication to and respect for learning in all fields, and a deep understanding between the public and the experts.

Growth of Science

The story of man has from the very beginning involved his progress in the conquest of nature, and, less successfully, his effort to understand himself and to live amicably with his fellow men. Here we are concerned with the accelerating conquest of nature which began in prehistory and proceeded in spite of superstitions, of magic, and of taboos. Yet modern science had its beginnings only 300 years ago, and since then our ability to understand nature has grown by leaps and bounds and at an ever-accelerating rate. Twentieth-century advances in the techniques of research in applied science, replacing the simpler process of invention, have aided the explosive growth of modern industrial societies.

Science affects the life of every contemporary man every day. It conditions decisions that need to be made by his government on many matters, including national defense, foreign policy and public health. It affects the decisions made by individuals on business problems, on selecting a community in which to live, on choosing an automobile, a record player, or perhaps even a dentifrice. If an individual is ignorant of science he must guess what to do or else believe what he is told. Even if he is told what to do by an expert, he has no way to check on this advice or even to understand it. This unhappy predicament is precisely that of most citizens of the United States today. Their fate in important matters and in trivial matters alike may thus be decided without their participation. And it will not be otherwise so long as they remain illiterate about science and technology.

The march of science and technology is of growing importance to every American as a citizen. Congress regularly appropriates huge sums for scientific research and even larger ones for engineering and development; yet a majority of the voters have little grasp of what this is all about. Do we, for example, seek to make shots at the moon, or send vehicles to Mars, in order to extend scientific knowledge alone -- and, if so, how much is that effort worth? Is our primary purpose to launch such vehicles before the Russians do for the sake of impressing the rest of the world? Then how much are such achievements worth? To what extent do these space ventures attain primarily a strengthening of our military capabilities? And are they indeed the best way to gain military strength? If our space ventures essay all of these purposes simultaneously, we must still have judgment on the weight to be given to each purpose. To be able to think beyond the press releases and publicity statements, to understand the background of national debate requires a greater comprehension of space problems than that provided by science fiction or the comic strip.

Yet the field of space research is only one important field of modern technology which is of concern to the average citizen. There are other fields involving communication, transportation, and human health. But are there still others which we do not recognize at all? Is it because no comparable Sputnik has awakened us? The shocks provided by achievement elsewhere may not be an adequate guide to our progress or our efforts. A national effort is required to strengthen our scientific and technological efforts in all fields, aimed at the advance of knowledge and the enhancement of the general welfare. In a democracy such an effort can succeed only if it has widespread public understanding and support.

Other Values

The educational values in the study of science go far beyond the practical matters of a cold technological war or even those of the wise use of science in the service of society. The student of science quickly learns that all scholars seek the truth and that they must be critical and honest with each other. The study of science may offer to the young student his first and possibly his best early opportunity for learning how easy it is to make mistakes and how hard it is to advance knowledge. It may also provide the simplest early experience of the supreme virtue of intellectual honesty.

Then, too, we must be aware of the humanizing aspects of science. The beauty and order of nature which science reveals are as moving in their way as great paintings or fine drama. The vast reaches of the universe now being examined by the modern astronomer are as inspiring as great music. The fact that the laws of science span all national and ideological boundaries makes science the universal language, a link between nations, and a real potential force for peace.

Americans diminish their capacity as citizens, give up an early strengthening intellectual experience, and forego great pleasure, excitement and adventure when they neglect to study science.

The study of science thus enhances the education of every citizen, in addition to providing the necessary basis for the education of the future professional scientist, engineer and technologist. For all these reasons we believe it is appropriate and necessary that the American educational system give due recognition to instruction in mathematics, science and technology.

Does this mean that every high school student should become a scientist? Of course not. But he should have the opportunity to gain insight into the methods and concepts of science so that he can understand the world of science in which he lives. He should not undergo a regimen which stifles his childish curiosity about the world of nature.

Unfortunately, many children are thus stifled. Many schools do not have either the teachers or the facilities to provide good science instruction. Some children are frightened away from science by the mathematics it uses. Others find the traditional discussions of pulleys and levers, or a wearisome listing of species and genera, too dull to excite their curiosity to learn more. Still others are advised by parents or friends, or even teachers, to avoid difficult subjects like mathematics and science, in spite of the fact that many students find these the easiest, because the most exciting, subjects of all.

We emphasize that we are not urging that other fields of intellectual importance be reduced or diminished, but only that a proper balance be maintained in our educational offerings. We fear that in the past there has been inadequate emphasis on mathematics and science.

CHAPTER III

THE MAJOR TASKS

The American educational system has been the subject of major concern to Americans throughout our national history. In each generation new educational objectives have been sought and new educational methods designed to achieve them. Each generation has seen new educational achievements, has seen a more adequate adaptation of the educational system to the national needs. But now many of the national needs are changing more rapidly than ever before. The nature of our society has changed as much in the last decade as it once changed in a century.

No educational system should attempt to meet the changing fancies of each passing hour, and yet it must provide its students with the intellectual tools to meet the problems both of today and of the future. The educational system must always have as its primary objective the development of men and women of noble character and high moral purpose who have also the intellectual capacities and the sense of values to lead fruitful and satisfying lives in modern society. Four specific tasks require special emphasis today, in light of our ambitions toward intellectual development. These are:

To build well-rounded curricula and in each subject to stress intellectual content and provide for recognition of intellectual achievement.

To recognize that teaching is a task of primary importance in modern society and therefore to encourage, aid, and reward competent teachers in all fields.

To recognize that our modern society needs human talents of a wide variety, and that it is essential that every individual be given the maximum opportunity to develop his particular talents to their utmost.

To understand that the advances of science and technology need special attention to the end that (1) all citizens of modern society acquire reasonable understanding of these subjects, and that (2) those with special talents in these fields have full opportunity to develop such talents.

Intellectual Excellence

In a frontier society, such as that of America of 100 years ago, it was natural that physical prowess and bravery, inherent in the pioneer, should have been held in high esteem. Today the frontier is intellectual; the scholar, the research worker, the scientist, the engineer, the teacher are the pioneers.

Until recent years the total intellectual capacities of our nation have never really been fully challenged. But they are being challenged today. Our intellectual resources will be adequate to meet our needs only if all the brain power of our population is fully developed and utilized. Well-trained minds are among the most critical of our present national assets, among the scarcest and most valuable of our resources.

Fortunately, Americans of high talent can be found in every field of human endeavor, in teaching and in music, in art and in craft, in science and in economics; we have produced brilliant clergymen and philosophers, engineers and lawyers, doctors and politicians. We need high-quality leadership in all these fields; we need to make sure that the young potentials for such high-quality leadership are developed and not wasted. To this end intellectual excellence needs to be fostered, rewarded, and applauded. Though the star athlete may remain a hero, it is now evident that an even deeper recognition ought to be given to the scholar. An enhancement of the nation's desire to learn and an increase in its respect for intellectual excellence have become essential to national progress, and even to survival. Whatever importance we may attach to the acquisition of physical and mechanical or social skills, they must not be mistaken for, or replace, the acquisition of intellectual competence. In school or in college, learning to think must take precedence over learning to run or swim or drive a car.

It is true that as the school child grows into the adult, he must accept adult responsibilities as a member of a family, a member of society, and a wage earner. But it does not follow that schools should over-emphasize vocational skills or "personal adjustment" and social techniques at the expense of intellectual subjects. When social and technological change took place more slowly than it does now, it was sometimes possible for one generation directly to teach the next the "practical" skills that experience had developed. But social and technological change are now taking place too rapidly for this kind of instruction to be the best method of preparation for adult responsibilities. The vocational necessities remain, but the best help our schools can now give many students is an intelligent understanding of the world in which they live -- a basis on which they can begin to think and learn for themselves so that they will not be lost or supine in the changing world of tomorrow.

We are aware of the fact that American education is dedicated to the principle that it must deal with students whose IQ's range from 70 to 170 and, in some states, is required by law to work with the "trainable" (but not educable) child with an IQ in the fifties. Not all students will learn at an equal rate; the intellectual content of an educational program ideally should be adapted to the individual needs and capacities of each student. Nevertheless, since almost the whole reservoir of our most able scientists and engineers and other leading professional men will be found among the upper 15 or 20 percent of the students (the so-called "academically talented"), we must give these students maximum encouragement and maximum opportunity to develop their talents.

The Teacher

There is much more to learn than there was 100 years ago and hence the learning process must be made more efficient at every level. Time is precious in each student's life so there is an evident necessity to examine our methods of teaching and learning and to work imaginatively on every possible way of improving them. But at this point we face the distressing fact that good teachers are now in short supply in all fields and at all levels and that they are going to be in shorter supply in the future.

At the college and university level, teachers with Ph.D. degrees are important because of their more extended training in scholarship

and research. In the recent past some 40 percent of such faculties have held Ph. D. 's, but the prospects for the future are that there will be a further decline.

The National Science Foundation, in 1956, estimated that we must have 300,000 or more new college teachers by 1970 if we are to keep pace with our needs. Prospects for filling even 40 percent of these positions with Ph. D. recipients are very slim. Some authoritative sources have indicated that we will provide only 20 or 25 percent. In fact, the National Education Association has found, in studying newly employed college teachers, that the percentage holding earned doctor's degrees dropped steadily from 31.4 percent in 1953-54 to 23.5 percent in 1956-57.

There were only 250 students in the country in 1957-58 who took Ph. D. 's in mathematics; 500 in physics; 1000 in chemistry; 650 in all engineering fields; many of these, of course, will not go into teaching at all.

High school science teachers come from teachers' colleges, from liberal arts colleges, and from universities where they have taken either a major or a minor in science, with perhaps some education courses to meet certification requirements. The present corps of full and part-time high school teachers of science and mathematics of all kinds numbers about 140,000 and the annual loss is about 10 percent. Thus merely to replace those who leave, and taking no account of increased student population, 14,000 new teachers would be needed each year. But secondary school populations will increase at least 50 percent by 1969. Thus merely to maintain our present inadequacies we will need to increase input each year until by 1969 it is at least 21,000 new science teachers each year.

Meanwhile, there were in the fall of 1957 about 390,000 juniors enrolled in colleges and universities as resident students, according to the Department of Health, Education, and Welfare. Of these, some 50,000 were enrolled in science and mathematics, including 5,000 in physics, 9,000 in chemistry, 9,000 in mathematics and 20,000 in one branch or another of the biological sciences. Not all of these students, by any means, are interested in teaching; many will enter graduate or professional schools and will be employed by industry. In fact, the National Education Association has estimated that only 12,000 college and university students will qualify for teaching certificates in science and mathematics in 1959. Finally, probably more than a quarter of those who qualify for teaching will not enter teaching. The supply of new teachers is falling far short of the demand.

Analagous situations exist in other regions of the educational spectrum. Evidently we shall need to do all we can to extend the efficiency of the teachers we have and to enhance their effectiveness.

One of our difficulties arises from the fact that we ask our teachers to do a great deal more than may be necessary. We ask them to keep order in classrooms, to inspire the students and to be their judges at one and the same time. But all too often we ask them also to undertake many other administrative duties which are only indirectly connected with the job of teaching. We insist that they know how to teach and also that they know what to teach, although we have long been uncertain as to how much to value each of these abilities. Knowing what to teach in turn requires that they be scholars of sorts -- or at the very least that they keep up with significant developments in the subject they are teaching. We hope as well that they will strive continually to enlarge the boundaries of their own general cultural knowledge.

This is a large order!

But what do we offer in return? We are often less concerned with their successes than we are with those of the football coach, whom we customarily pay more money as well. We impose a load of class hours and student numbers which make it almost impossible for teachers to do their best either as stimulators or as guides, critics or judges -- or to find the time and energy for their own scholarship and self-development. It is small wonder that good teachers are in short supply.

The attractiveness of teaching careers at all levels from secondary school to postgraduate university depends on many things beyond the mere general attractiveness of the surrounding community. The weight put upon each may vary from teacher to teacher and from institution to institution, but all are important. They include, among other things, a reasonable work load, a reasonable salary, adequate research or scholarly facilities and opportunities, good and interested students, associates interested in the same field, a favorable community attitude toward intellectual achievement, which provides recognition of good teaching and the opportunity for professional development. None of these is trivial. They are commonly most favorable in graduate schools and in universities, next in colleges, and least of all in the majority of secondary schools.

The public attention to the shockingly low average level of teachers' salaries is long overdue. For the teacher who is the head of a family, the inadequate remuneration makes it impossible to continue in the profession without taking on a second job, devoting his evenings, weekends, and summers to unrewarding and often exhausting breadwinning tasks.

Science teachers face particular difficulties. Often an adequate science preparation has not been required of them or has been denied them by competing requirements of "teacher-training" subjects. Some quite progressive states require their teachers of chemistry and physics to have studied only 12 to 18 college semester hours (1-1/2 to 2 courses) of the subject they are to teach. Many school teachers have, to their credit, probed their subject more deeply. But the boundaries of science expand with bewildering speed; sometimes inadequately prepared in the first place, the science teacher tends to fall further and further behind with the passing of each year. He needs encouragement to know more in the first place, and time and incentive to keep up to date thereafter.

We can help our teachers to be better at once in at least five ways:

(1) Many of the non-teaching tasks now imposed on teachers should be assigned to others who are especially employed for the purpose;

(2) Teachers' salaries should be increased to the point where the teacher does not have to work on other jobs to eke out a living. Being properly paid for his real job, he can be expected to devote all his time to

teaching and self-development and to take his rightful place in society;

(3) Time should be provided in the academic year (and pay in the summer) which will permit teachers to keep up with their subject matter; leaves of absence should be allowed for the purpose of enabling the teacher to add to his understanding of the subject matter of his specialty;

(4) We should reexamine our methods of training new teachers. We need to evaluate anew the relationship between curricula devoted to the art of teaching and those devoted to the substance of what is to be taught. We need to design programs that recognize that methods and substance cannot be divorced. We almost certainly need to place a higher emphasis on substance. Teacher certification generally should lay more stress on subject knowledge than it does now. We suggest that subject knowledge should be stressed not only to become certified but to stay certified, and the need to keep up to date should be emphasized even by reexamination if necessary. Conversely, we deplore those rules which exclude from secondary teaching first-class scholars solely because they lack the proper number of credits in "education";

(5) Finally, and perhaps most urgently, we must devote very substantial resources to developing, and supplying teachers with, far more adequate and up-to-date teaching and learning aids of all types.

In addition to cultivating the supply of teachers and offering them help of the kind indicated (on which a start has been made) something may be done within the existing framework by a more efficient distribution of the school population. Dr. James B. Conant has suggested in his book, "The American High School Today," that the total number of high schools in the United States could be substantially reduced. He writes:

> "There are approximately four thousand high schools with graduating classes of at least one hundred and some seventeen thousand high schools with graduating classes of less than one hundred. There are approximately a million and a half twelfth-grade students in the United States. Approximately one million of them attend the four thousand high schools of sufficient size. If the remaining five hundred thousand now scattered among the other 17,000 high schools were distributed uniformly in high schools with graduating classes of one hundred, five thousand high schools would be needed. The total number of high schools would then be nine thousand (the present four thousand of sufficient size plus the additional five thousand). Since some of these new high schools might well have graduating classes larger than one hundred, it is safe to assume that nine thousand is the maximum number of high schools needed in the United States at this time. . . .
>
> "If the total number of high schools on a nationwide basis were reduced from about twenty-one thousand to approximately nine thousand, secondary instruction throughout the land would thereby be generally improved. Teachers and other professional

> personnel would be made available, and their talents could be used more effectively. Almost all academically talented youth would be able to study physics, for example, not only without there being any increased need for teachers, but also under an arrangement that would have virtually eliminated the so-called 'teacher shortage' in this field."

But this consolidation is not easily accomplished, and hence even after all the other provisions have been made to attract and to keep competent teachers in the profession, we are convinced that the shortage of competent and well-trained science teachers is wholly unavoidable in the foreseeable future and may well be a permanent condition. Hence there must be a massive program to compensate for this shortage by enabling individual teachers to be far more effective than they have ever needed to be before. We must find ways to enable individual students to achieve educational goals on their own initiative and without such heavy dependence upon the teacher's time and energy. We shall return repeatedly to this subject.

Variety of Opportunity

The Spectrum of Talent

Education in America is for everyone, but not everyone can profit from the same amount of education. Many pupils properly elect to leave school before or at the end of high school; for them, a general education with perhaps some special vocational preparation is necessary and appropriate. Others continue into or through college; they should receive a general and liberal education at a higher level and should study some subjects in depth. Others, though not so many, continue through graduate school and become scholars and teachers in the sciences, the humanities, and the professions. For those who proceed up the scale, the greatest contribution that school and college can make is to emphasize excellence, to require high standards, and to provide opportunity for each student to proceed as far and as fast as his own talents and ambitions dictate.

Education is for everyone, but not every student has the same type of ability or the same interest. Democracy does not require that everyone go to college. By accepting such a shibboleth we can only debase the significance of a college degree. Thus there properly are curricula designed for students whose interests and aptitudes are in manual or vocational subjects, and others for those whose interests and aptitudes lie in art, in science, in business, medicine, teaching, engineering and in other fields. And finally there are curricula designed to develop intellectual interests without regard to professional or vocational goals.

There is great diversity in the American educational system -- but not enough. For example, despite interesting experiments in advanced placement, there is still too much emphasis placed on a particular number of years of schooling -- there are some students for whom this number is too many, and others for whom it is too few. There is no reason to expect every student to need 12 years to complete the work of elementary and secondary school, or four years to graduate from college. Experience has shown that some able and well-adjusted students can save two or more years out of the 16-year program without loss. Others may well and profitably study for a longer period to attain the same goal. Moreover, within a school year there is relatively little freedom of scheduling in school or college. Most subjects are purveyed on some kind of regular calendar which allots roughly the same amount of time to each, which appears with the same periodicity and which ignores differences in learning needs or methods, or in the importance of the subject.

Students differ widely in ability and in motivation. The standards of excellence, the number of years in school, the rate of progress, and the material covered should be determined by the capacities of the individual student; not by the capacities of the average student or by the mere chance of there being enough other students similarly endowed to constitute a class. It is especially important to enhance the opportunities for the most gifted student. He can do some things that the less gifted can never do. He should not face obstacles in learning to do them. Where state or local practices or requirements conflict with these goals, they should be changed.

The Search for the Gifted

In American education we try to offer opportunities to all to the degree they can grasp them. No other nation has as yet attempted anything comparable to this.

To serve this purpose, the American educational system has undergone an enormous expansion in the last 5 years and the process is continuing. At the turn of the century only a small minority of boys and girls finished high school; today two-thirds do and half of these may start college.

But the needs of the individual may have been neglected in the process. As classes become more heterogeneous, the pace found suitable for the average is too slow for some, too fast for others. And if the notion is insinuated into the classroom that all students who enter the secondary school must graduate with their class, lest maladjustment or drop-out ensue, the educational content must surely suffer.

Yet we recognize that in a democracy we should provide each individual with opportunity to develop his own talents to the fullest. It would be difficult to think of anything less democratic than a system that sacrifices in any way the stimulation of the bright student, either to learn more or to progress faster through the prescribed work.

This means, however, that we should take immediate and greater steps to speed the discovery of talent, and to encourage and support that talent when it is found. Still more programs should be devised by which exceptionally able students can proceed at a pace commensurate with their abilities. Such students should be given formal recognition, locally and nationally. They should be treated as young people who will have exceptional opportunities and corresponding responsibilities. All this should be done without separating them unduly from their less able companions, setting them apart and making them appear peculiar. In this regard, the Advanced Placement Program of the College Entrance Examination Board is to be commended. The program, now in its fourth year, involves 650 high and preparatory schools, more than 300 colleges, and will produce this year approximately 12,000 high school students who will take 15,000 examinations for advanced placement in college.

Finally, under no conditions should able young people be forced to discontinue their education at any level for economic reasons. They are the nation's most valuable, and its ultimate, asset. The nation as a whole should take the responsibility for seeing that they are permitted to make themselves as useful as they can become.

Tragic individual losses occur when able youngsters live in communities whose aspirations do not demand or whose pocketbooks cannot afford the educational opportunities in secondary schools that these young people need and deserve. The nation loses as well as the individual student. There is probably more attrition of potential talent at this level than in any other part of the educational system. We strongly urge that measures be evolved to discover and to provide financial support for bright students whose needs cannot be met in their local community, and to make it possible for them to study in more adequate schools. Such financial support begun, where necessary, in the secondary school and continued through college and graduate school, should be regarded not as a charity but as a prize honestly won for achievement -- and a wise investment in maintaining the national welfare.

This problem is commended to the attention of all individuals, corporations, foundations and others who search for ways to invest in the improvement of scholarship in American schools. The nation could learn much, for example, from a pilot experiment enabling brilliant but isolated students to attend schools which offer Advanced Placement Courses if the local schools cannot or do not. Except in unusual cases, the expense of attendance at another school, however remote geographically from the student's hometown, should not fall on the student or his family.

It is scarcely possible to put the matter too strongly. The potentially great scientist or engineer, scholar, physician, or educator who ends up, through no fault of his own, as an underling at a task below his native endowment, represents an indefensible national loss.

The Problem of Mutual Understanding

One of the great strengths of this nation is the diversity of its citizens. No man or council of men dictates what our people individually should do, or how they should be educated. Each of us is remarkably free to pursue that which interests or profits him personally. Out of this great diversity of individual expression comes great strength and wide capability. The diversity should be husbanded. But it cannot long be fruitful if it breaks the nation into isolated groups. Going his own way, a man must understand why other men go theirs, and must respect their right of choice.

A primary objective of an improved educational system should be to bridge the gaps between important segments of the American people. There are many such gaps, even among highly educated people: between scientists and artists; between intellectuals and non-intellectuals; between the scientists, humanists, and social scientists; between scholars, research workers, and teachers; between "pure" scientists, applied scientists, and engineers; and there are others. Such gaps inhibit the close collaboration between groups which is essential to improving the intellectual atmosphere and developing a better and stronger society.

We are especially concerned about the gap between the man or woman who practices a science and the man or woman who teaches it. In the high school, and to some extent even in the colleges, the teacher does not find adequate contact between himself and the professional scientist or engineer.

The damage this does is manifold. It deters the scientifically minded young man or woman from seeking to make a career in high school teaching, since he may feel that he will cut himself off from the world that interests him. It deprives the high school student of the assurance that he will be taught science by someone who understands the subject and loves it. It robs both science and engineering of bright young students who under the proper stimulus in a secondary school might have found in those subjects the promise of a satisfying career.

The responsibility for an attack on this state of affairs clearly lies with the scientists and engineers themselves. They should attempt to keep the high school and college teacher in the main stream of science, and to welcome him as a member of the profession, performing functions no less vital than those of the research man, the professor, or the practicing engineer. It serves no purpose for the professional man to be critical of high school or any other teaching, unless he himself is prepared to take steps to help improve it. Indeed it is irresponsible.

Adequacy of Science Education

The High School

Of the 21,000 high schools in America which graduate a senior class, the number possessing real academic strength is not large. Sometimes a whole region may not have a truly distinguished school. And even when a region does possess several schools of high quality, such is the low order of communication and the transmission of good practice, school-to-school, that the best and the worst may be found side-by-side, separated only by a town or city line. But in even the strongest schools, and invariably by their own admission, the content of subject matter in some fields is still more appropriate to bygone days.

The modernization of secondary school science and mathematics education represents a huge task, and is a necessary preliminary to revitalization of science education in general. The several current experimental programs in high school physics and mathematics are most encouraging. We are convinced that much is to be learned from these pilot projects. But the effort must be much larger and should embrace many other fields. The problems of improving science courses may help us solve the problems faced in improving other subjects. They fall conveniently under three headings:

Course Content

Subject matter should have priority over all other considerations, and attention should be first concentrated here.

In recent years several studies have been made of the subject matter of physics courses. It has generally been found that course content has stood still over the last half century, or has simply been patched up by adding sections on recent developments as postscripts. During this time the science itself has advanced at an accelerating pace, and the entire attitude of the physicist toward the universe has, in many cases, undergone qualitative change.

Yet the textbooks now in use reflect predominantly the "classical" or mechanistic view of physics. The professional physicist, on the other hand, deals with particles and waves, and uses classical physics merely as a road to lead to these matters. The new point of view cannot be adequately treated only as an afterthought in a final chapter on "modern physics."

Corresponding criticisms may be made of the other science courses. The progressively closer relationship between physics and chemistry is represented in neither course, and biology courses may make virtually no reference to the exciting frontiers that this science has reached in its increasing relationship to physics and chemistry. Education in science should have the objective of creating some understanding of the how and why of observable phenomena and the methods of science itself. Both can be lost in a parade of detail and exercises of memory. All of these courses require a revitalization of their content.

This is not a task from which the scientists themselves can stand aside. It requires the attention of the most able scholars in the various fields; men who have an encompassing view of their subjects, who know their subtleties and who can judge the emphasis which can sensibly be given each aspect. It requires, in fact, the very men who are most occupied with other matters. Yet we urge such men to recognize that the necessity for a better educational system may take priority over their other interests. Naturally, these scholars cannot succeed unless they collaborate intimately with the best teachers. Judgment must be exercised as to what can usefully be absorbed by the high school student and how it can best be presented. Only those who are in contact with students can give sensible guidance.

This combined effort must be a continuing one. If the subject matter in the high school today is largely frozen in the mold of the early 1900's, it will not be of benefit merely to refreeze it into the mold of today. A mechanism must be found to provide continuous review and revision.

Learning Aids

When we have decided what the content of a course should be, there still remains the task of preparing textbooks and other learning aids. Over the past few years there have been many recommendations for the improvement of course content. Often these have not been incorporated into the teaching structure because they were not embodied in available teaching materials. The originators of the proposals had not completed their task.

The learning process, and therefore the learning aids, should call all the human senses into play. The use of audiovisual material, particularly motion pictures and television, has grown immensely in the last decade, but the possibilities have only begun to be realized. Television, a teaching medium of great potential power, has never been adequately studied by those persons who might learn how it could most wisely be used. A study of educational films quickly reveals that too many of them represent neither a tolerable level of film making nor a tolerable level of intellectual content. A large research program to investigate imaginatively the possibilities of television and motion pictures in helping both teacher and student is clearly in order, and current efforts to begin one come none too soon.

Many subjects, including the sciences and mathematics, suffer also from a serious lack of supplementary reading matter for the brighter high school student. Such publications as the Scientific American and the various children's and other popular science books and periodicals go only a part of the way in filling this need. The preparation of adequate low-cost libraries for each of the sciences would be one of the greatest services that could be rendered American education. A series of well-written monographs on important subjects (such as the new Science Study Series) would also reach an audience far beyond the secondary school students for whom they would nominally be intended.

Finally, advantage should be taken of the increasing interest in home activities that has been so marked in recent years. High school laboratory programs should be prepared so that the interested student will be encouraged to carry forward his work at home. Science libraries should include books designed to encourage scientific or mathematical experimentation beyond school hours. "Do-it-yourself" can have significance far beyond making a picnic table or a bookcase -- or a dangerous rocket!

Throughout this report we emphasize the need to revise syllabi and to provide teaching aids. Of all the concrete actions that might be taken to improve education in the United States, whether in the first grade or the last year of college, these are by all odds the most urgent and most attainable. The United States at present spends approximately $15 billion a year on formal education; a fraction of one percent of this total, over a period of only a few years, would mean an increase in the efficiency of the teaching process and would yield benefits out of all proportion to the cost.

The High School Curriculum

Although this report is intended to deal with science and engineering, these subjects do not exist in isolation, and no treatment of them can be complete without some attention to the secondary school curriculum in general and with content of courses other than science.

Fortunately, these matters have been competently treated in Dr. James B. Conant's report on "The American High School Today," so we need only to refer the reader to it and heartily second his recommendations.

We emphasize also that the future scientist or engineer needs adequate preparation in English, history, and languages. In fact, the minimum secondary school requirements which a science major should bring to college should include four years of English, three years of mathematics, two of science, three of one modern language and two of social science including history. One more year each of science, social science and modern language would be helpful. Many leading engineering colleges require four years of mathematics for admission, and all would find it preferable. Such a program obviously leaves little room for non-intellectual subjects in the curriculum, and if a desirable exposure to art and music is added there is obviously no time at all for less vital courses. Subjects like shorthand, accounting or home management ought to be reserved primarily for those for whom academic work is not appropriate.

It must be emphasized again that high quality instruction in all these subjects is obviously the primary need.

The Undergraduate Liberal Arts College

Most college students are not headed toward science or engineering. They expect to become businessmen, lawyers, school teachers, or they have not yet decided what they will do after college. Typically they are enrolled in a so-called liberal arts curriculum -- either at a separate college or in the college of arts and sciences of a university. Unfortunately, to most of them "liberal arts" means all fields except science, a gross misrepresentation of the original concept of the term which once was intended to include mathematics and science.

Such students may not need the specialized knowledge required of the professional scientists. But every college student needs a considerable understanding of science, for reasons we have cited earlier.

It is a half century since any American liberal arts colleges would announce, as some did at the turn of the century, that the classical course is "the course best fitted to give the most symmetrical development to the mind and the broadest culture; and it is the one which they would earnestly advise every young man seeking an education to choose." While contemporary liberal arts colleges do not make such assertions, the position of science is still often unsatisfactory and unrealistic.

The liberal arts curriculum may require one or two courses in science. However, the college student often does not discover the personal satisfaction to be gained from the study of science, and hence scorns the utilitarian necessity for understanding it. As the musically literate gets more enjoyment out of music, so the scientifically literate can derive far more personal identification with and satisfaction from rapid technological change if he understands the fundamental scientific principles on which the new technology is based. His knowledge helps to bridge the dangerous gaps of misunderstanding which sometimes exist between scientist and non-scientist, and gives him a better appreciation of what his colleagues in other fields are doing. Perhaps most important of all for the satisfaction of the educated man is the simple fact that he understands the achievements and the objective methods of thought that are characteristic of and perhaps dominantly characteristic of the twentieth century.

Liberal arts faculties have a great opportunity of helping their students to achieve a more adequate understanding of scientific principles, methods and the place of science in modern life.

There is no doubt that scientists themselves have failed to provide the kind of teaching material that colleges need for the general student. Neither the standard course intended for the future professional scientist nor the discursive and frequently fragmentary "survey" course is appropriate. Courses are needed which help a student think his way through and appreciate such great concepts as the origin and evolution of the universe and of life, the nature and behavior of energy and matter and radiation, the structure of atoms and molecules and the ways in which these and other scientific concepts and laws are discovered, evolved, and tested. These things must be understood as an incomplete but always growing achievement of the human mind -- revealing the glories and limitations of the human being himself. We think they can properly engage 15 to 20 percent of every college student's time.

These are difficult objectives. But they can be and occasionally have been achieved. Here and there liberal arts colleges -- often through the efforts of only one or two or three great teachers -- have become recognized for their ability to make science a living part of a liberal education.

In view of the large numbers of men and women who attend liberal arts colleges, it is not enough that these objectives be achieved only occasionally. To accomplish substantially more, at least three steps are necessary. The few great teachers of science now to be found in liberal arts colleges must be greatly augmented. Teaching and learning materials must be provided that will aid them in performing their difficult tasks. Finally, the liberal arts faculties must insist that in these days the general baccalaureate degree should not be granted with less than two years of science. Even the two-year program must be thoughtfully re-designed as to content and treatment.

To create such courses in the sciences and in mathematics will require the same degree of attention from the professional scholar that we have called for in the revision of secondary school courses. An immense effort must be made, by the men and women best equipped to make it, to determine exactly what should go into such courses, to embody their conclusions in material form, and to create all the learning aids that will make such material useful to the teacher and the student -- the textbooks, the motion pictures, the laboratory manuals and materials and anything else that can aid in the learning process. The colleges will be short of science teachers and they can no longer scorn such potentially valuable educational aids.

What is needed will require experimentation and innovation. We must be prepared for a certain number of false starts and mistakes. The task is Herculean and cannot be achieved except by professional scientists and engineers working closely with college teachers. Yet the "college" plays such a critical role in American education -- a role which is also unique in this country -- that even very great efforts to enable these institutions to provide ever better science instruction will be enormously profitable to the country. It will enable more citizens to understand science. Moreover, these colleges have turned out many men and women who have gone on to graduate work and to successful careers in science and engineering. If more colleges could attain the distinction which has been attained by some of the best, the quality of our scientific performance would be substantially advanced.

The Scientific Education of the Adult

In a perfect world, adult education would not be merely remedial education. It would be a continuation of an endless process in which a diploma marked a "commencement" and not a conclusion. But this is not the world as it is. Our past curricula have not adequately prepared our college graduates to understand science or even to be interested in it, and too many feel that now they have finished school or college they are excused from learning more.

A democratic citizenry today must understand science in order to have a wide and intelligent democratic participation in many national decisions. Such decisions are being made now. They cannot be postponed for twenty years while we are improving our present educational system so that its products will constitute a significant fraction of the mature voting population. There is, therefore, no escape from the urgency of providing high-grade and plentiful adult education in science now, planned for those who are unprepared even in the fundamentals.

Whatever medium is used, science must, first of all, be made as interesting to the bystander as it is exciting and inspiring to the scientist. Citizens will not submit themselves to adult education in science simply as a response to bugle calls to duty. The excitement and interest of science must somehow be transmitted.

To establish good educational programs of this kind will require a large expenditure of funds plus great imagination and daring. There have, of course, been individually interesting and valuable television and radio programs, including one which many people get up at six-thirty in the morning to see. There have been individually attractive and authoritative articles and good science reporting in a few newspapers. A number of good paperback publications of serious scientific literature can be found in a few urban bookstalls, but both the supply and the demand are inadequate. There are good museums of science in a few metropolitan centers, but not many -- and none as fine or as influential as they could be with stronger support. For a quarter century no one has seriously tried to see what might be done with a mobile museum of science in a caravan of trailers which would visit the thousands of communities that will never be able to afford any kind of museum of science of their own.

In all such efforts the thing to emphasize is the pleasure of participating in the great adventure of science. This is primarily a challenge to the scientists themselves. It is they who must determine what science the citizen most needs to know; it is they who must suppress the notion that "popularizing" is evil or impossible. Until more scientists whose reputations are high as scientists manifest a personal interest in public education in science, the stigma which now is often attached to the popularizer will never be removed -- nor will the doubts of those who put the task aside as hopeless.

The Engineering Colleges

The scientist is one who seeks to extend the boundaries of knowledge in his chosen field. The engineer has the task of combining the knowledge of science with his knowledge and awareness of the needs and limitations of human beings and of a human society to develop and create new "things" for human use. These things may vary from a tiny transistor to a huge dam, a hearing aid to a superhighway, an automobile, an airplane or a space vehicle. While the scientists have uncovered the basic knowledge, it is the engineers who have created the tangible tools, materials and products that have revolutionized our daily lives, our community living and our national defense.

The scientist and the engineer form the team that paces today's technology. In science lie the foundations upon which the engineer builds toward a goal of the utility, comfort and advancement of man. He is concerned with machines, the environment in which they operate, and with the men who work with them and effect their control. In the broad sense the engineer derives from fundamental science the principles, the material properties and the analyses from which he synthesizes the system which is to achieve the objective, produce the result, create the product which is sought. In short, the engineer is the member of the technological team who creatively adapts the findings and methods of science to meet the needs and desires of mankind. He is further distinguished from his colleagues in science in his constant concern to achieve an optimum design to meet the many and frequently conflicting criteria of performance, reliability, efficiency, cost and producibility. The associated synthesis, analysis or design of an element or a system are unique characteristics of engineering.

The profession of engineering has thus become one of the most important in modern society. Our civilization would deteriorate, would become too weak to survive in modern world competition without the work of the hundreds of thousands of trained men (and the too few women) who keep the wheels of industry turning, who create new and useful products, who envisage, design, and build great factories, intricate communication, power, and transportation systems, and vast irrigation, navigation and flood-control projects. The scientist and engineer have created for the first time in history a society potentially free from want -- one more concerned, in fact, with surplus than with scarcity of many material products, as well as a society in which freedom from back-breaking toil has been largely achieved. Finally, in today's great international competition, America's ability or inability to help others in their engineering progress may be crucial.

Clearly, the engineering profession offers unparalleled opportunities to the able young men and women of the country. One would expect the institutions offering engineering education to be swamped with applicants. Surprisingly enough, our engineering colleges as a whole have not been filled to capacity since the "veterans' bulge" of 1946-50. In the very decade when engineering opportunities were reaching new heights, the number of engineering students actually declined from 194[illegible] to 1951, then (with the Korean War) rose until 195[illegible], but then in 1958-59 it sagged again. Apparently there is still a lack of understanding of the place of engineering in the modern "scientific" world.

Our engineering colleges need to attract more young men and women who have those talents required of good engineers, and to give them the rich opportunities for career training which this highly diversified profession offers.

The word "diversified" should be emphasized, for the individuals labeled "engineers" perform a wide variety of tasks. First, there are those determined by subject matter: chemical, electrical, civil, mechanical, aeronautical, mining, structural, metallurgical engineers, and many more. Then there are titles of engineering function: production, design, research, development, construction, supervising, management, and many others. Engineers, too, may have a wide range of educational experience -- from the junior engineers or craftsmen who serve as draftsmen, mechanics and electronic technicians to the engineers who have earned the Ph. D. degree and who carry on advanced analytical research. Again, there are "synthesizing engineers" (there should be many more) who combine technical training with a broad knowledge of public policy and social problems, who think broadly of complete systems which involve machines, men and environment, and who in designing a highway, a waterway, a flood-control project, can foresee and allow for the social readjustments -- the costs as well as the benefits -- of the new enterprise. There are "component engineers" who design better vacuum tubes, or gyroscopes, or transistors, or rocket motors. There are "systems engineers" who evolve new systems -- communication systems, weapon systems, production systems -- involving scores or thousands of "components", plus the interactions with men and environment.

The list is literally endless -- and it lengthens and changes every year.

Some of the finest engineering colleges in the world are to be found in the United States. But this does not mean that these colleges are as excellent as they should be or that there are enough of them to meet our needs. We believe that a major advance in engineering education is called for. Here are a few improvements which should be sought.

The technical institute, while not really an engineering college, has in America been grossly neglected. Such schools, offering one to three years of high-school and post-high-school instruction in technical subjects, can prepare young men and women whose talents and interests are more mechanical or manual than mathematical. Draftsmen, designers, assistants, maintenance and production experts, and technicians of many kinds are essential to industry and to the engineering profession. These occupations deserve greater dignity and prestige -- and the institutes which offer training for them should be enlarged and improved, and should extend their "recruiting" activities in the high schools. Their graduates are urgently needed in greater numbers.

Curricular reform is long overdue in the undergraduate engineering colleges of the country. This can take many avenues:

(1) The old distinctions between mechanical, electrical, civil, and aeronautical engineering (at the undergraduate level) have partially vanished. The basic principles of engineering, of engineering analysis and synthesis, together with the scientific and mathematical subjects basic to engineering, can easily occupy a full four-year program (if the essential humanities and social studies are included) and detailed specialization should be deferred to graduate work or to professional practice, supplemented by "on-the-job" educational programs now sponsored so extensively by industry. Specialization in college should be used only in giving realistic examples of the application of principles.

(2) Such curricular reforms should not be merely a reshuffling of old subjects and credits. Wholly new points of view in "engineering science" and wholly new areas of interest -- e.g., communication theory, nuclear engineering, and magneto-hydrodynamics -- need to be developed.

(3) New vistas need to be opened up in the non-technical subjects which the modern engineer must know. Social science and governmental problems become involved both in public works engineering and in large-scale private engineering, whether at home or abroad. Economics, business law, and principles of industrial management are essential equipment for the engineer in industry. Psychology is a necessary prerequisite to communications in the broadest sense. Though the connection may seem remote, an understanding of philosophy, history, literature or the fine arts adds to the powers of the engineer, both professionally and as an individual. An adequate professional educational program takes account of these necessities.

(4) Curricular reforms cannot be initiated overnight, for even the direction of some reforms needs to be clarified. Hence, there is much need for innovation and experimentation. Attempts at course revision, the combination of old subjects

and evolution of new ones, will require prolonged study by faculty groups. Engineering schools should intensify the exchange of information on experience with new curricula -- as, indeed, they do through associations such as the American Society for Engineering Education and other professional societies.

(5) Curricular reform means not only changes in subject matter, but changes in administration, organization, sequence and timing. Some students can start earlier in engineering subjects, proceed more rapidly, be burdened with fewer routine chores, and go more rapidly into graduate work. The facility for learning mathematical, scientific and engineering subjects varies enormously among individuals, and substantially different learning and teaching techniques may be adapted to the top five percent of the students. Imaginative innovation is called for here, too.

The relation between engineering and science needs added attention. It is as wrong to neglect the scientific foundations of engineering as to suggest that engineering and science are identical. The latter presumption may lead potentially fine physicists to become second-rate engineers or potentially outstanding engineers to become mediocre physicists. Neither field should be the refuge of disappointed castoffs from the other; each requires, at the best, very high and very special talents and interests. A better understanding of these special talents on the part of teachers, students, counsellors, and the general public will help avoid mistakes and disappointments. The professional engineers and engineering educators have a special responsibility to initiate more extended efforts in this direction.

The attraction and retention of topnotch faculty members in engineering colleges is an especially critical problem. Industrial opportunities have great attraction to young engineers who are eager to develop new and useful applications of the fundamental principles they have learned in the college. Yet many of the best young men, and many men with a few years of industrial or field experience, are needed in the engineering colleges too, to bring reality to the classroom. Ways of reducing the salary gap between college and industry, and for equalizing professional opportunity, especially for younger engineers, need to be found.

Graduate study to the Ph.D. in engineering is a growing requirement. While engineers with the normal four or five year baccalaureate degree are needed in greater numbers than ever, there is also a rapidly rising need for men with extended advanced training in scholarship and research. Hence, undergraduate colleges should be on the lookout for potential graduate students in order to help and counsel them in continuing their studies. More engineering colleges need to develop graduate programs -- and -- as is delineated in detail in the next section -- graduate schools in engineering should be multiplied, expanded, and improved all over the country. This may well be the most important development in engineering education in the coming decade, and all engineering educators can contribute to a vigorous growth of graduate work of high quality and to the preparing and guiding of the very best engineering students into it. Even at the undergraduate level, an appreciation of the functions and objectives of engineering research, together with some research experience, can profitably be made available to the able students.

In summary, we can well move toward an enlarged concept of engineering education involving an even deeper interpenetration between engineering and science and the identification of new areas of association between engineering and humanities and social sciences. We need to encourage those engineering institutions which are experimenting with this new degree of articulation, this fusion of physical technology with social technology, this closer interaction of postdoctoral, graduate, and undergraduate studies with the spirit and example of research infusing all of these educational levels. Through such educational means our engineering institutions can accelerate the achievement of a program in engineering education which turns out engineers who can, while achieving exceptional mastery of their specialty, avoid the easy, narrow rut of "excessive expertism" and go on to demonstrate leadership in human affairs -- the capacity to use and shape technology as a powerful instrument for enhancing the quality of our society and for contributing to the solution of the great human problems of our time. Then, too, will our engineering institutions attract their proper share of the fine and ambitious young people who have talents for engineering careers.

The Graduate Schools in Engineering and Science

Students who expect to become professional scientists may spend their undergraduate days profitably in liberal arts colleges, in colleges of arts and sciences of universities, or in institutes of technology. In the end most of them will go on to graduate work. The prospective engineer attends an undergraduate engineering college, but more and more of them also, fortunately, are going on to graduate school.

The great advances in science and technology will, in the future as in the past, stem from exceptionally brilliant and far-reaching discoveries and inventions made by a relatively few people. The discovery and stimulation of such individuals may occur in the elementary and high school years, but the full power of their ability to attack the frontiers of knowledge will come to fruition only in the graduate school or even later. In graduate school the student comes face to face with the borderline between the known and the unknown; there he acquires the final preparation for a career of advanced research in science or engineering.

In the graduate school, too, many minds will be extended to the level where they can do the original work which furnishes the essential foundation and support for the occasional penetrating flash of new discovery. The graduate school also furnishes the teachers, the advanced professional workers in governmental and industrial laboratories, and the scholars, writers and intellectual leaders in every field.

Thus the graduate school at the pinnacle of our educational system plays a decisive role in setting the pace of our entire educational endeavor and in determining the rate at which our civilization advances.

Clearly the best educational system in the world will fail in its function -- will fail even to maintain itself -- if it is not capped by a crown of first-class graduate education.

Improving Graduate Education

In the United States the graduate schools of science and engineering are remarkably young. In 1900 advanced study and research beyond the bachelor's degree was provided on only a minuscule scale at a very small number of universities. But the past 50 years have seen an extraordinary change. Scientific and engineering research and graduate instruction now have come of age in this country. In each major field of science there are now a number of American institutions offering work of outstanding excellence. But this is not enough.

More than 600 colleges and universities in the country offer graduate degrees of some kind; of these about 280 offer graduate degrees in scientific, medical and engineering subjects. Yet scarcely more than a score can claim real distinction in any one scientific field, let alone more than one. Certain universities excel in physics, others in chemistry or mathematics or biology. Only a few excel in several fields.

These few top-quality departments are major national assets. But they are rapidly becoming overloaded, and the big increase in graduate enrollment is still several years off. There should be, not 10 or 20, but 40 or 50, top-quality departments of physics and chemistry, for example. We need also many more top departments in mathematics and biology and geology. And we have still far to go in the development of high-quality graduate work and university research in most engineering fields.

It is especially important that new graduate schools in engineering be developed, and that they be developed in those institutions which also have excellent departments of science. At the graduate level, engineering education must depend heavily on instruction in advanced mathematics and theoretical physics. Quantum theory, Boolean algebra, number theory, solid-state physics, and nuclear structure and other formerly abstruse subjects now have solid engineering applications. It is not surprising that it is those institutions where science and engineering subjects are closely allied which have been leaders in developing graduate study in engineering.

The improvement of existing graduate departments in all fields of science and engineering is of great importance, but alone will not suffice. New areas have developed which, if they are to be explored, must draw talent and knowledge from several disciplines. Chemical biology and biophysics, geophysics and geochemistry, material and information theory are examples of areas in which scholars from different disciplines should be encouraged to pursue joint interests. The urgency of such effort must be recognized and flexible patterns of organization -- and, certainly, new supplies of capital -- will be needed. Students should be actively encouraged to pursue interdisciplinary interest

What do we require to improve a graduate school in science or engineering?

First of all, first-class faculty members are required -- scholar of the first rank who can make truly creative advances and who can inspire their students to similar achievement. Every great and productive gradua department owes its success in attracting and training good students to the leadership of a few inspired scholars.

In seeking new supplies of such scholars, we must recognize that well-trained young men and women no longer find their sole opportunity for service in the universities and colleges. Industrial and governmental laboratories need and attract more and more of them, frequently offering positions which are financially more attractive and laboratory facilities far superior to those available in many universities.

These laboratories are developing the other favorable conditions that a scientist or engineer seeks and that attract the best minds. This is all as it should be, for our nation needs both industrial and governmental research of a high order. The problem for the universities is not one of abolishing the competition but of meeting it.

The crisis is particularly noticeable in engineering. Engineers who have earned doctoral degrees are especially hard to retain in teaching positions. Industry is desperately short of men of the right talents and education and some of the realizations of the dreams of an engineer are possible only at the industrial scale. But the national problem remains one of maintaining equilibrium between industry, government and the universities. If the university programs dry up, a subsequent drought will be felt in governmental and industrial laboratories. For this nation to graduate less than 650 Ph. D.'s per year in engineering, as was the case in 1958, is to imperil it.

Nonetheless the problem cannot be solved by laying down quotas or by trying to slow down the growth or diminish the eminence of industrial and governmental laboratories. Instead, the solution is to create a larger supply of talented people, and to increase the attractiveness of teaching posts in our graduate schools. Most of all we should seek new means to share the limited talents we now have. Although the possibilities may exist in only a few favored localities, it must be realized that we have not begun to scratch the surface of what might be achieved if part of the time of scientists in government and industry could be enlisted in the cause of formal education.

The availability of governmental funds for university research in science in recent years has stimulated great advances in graduate education and research, but we have far to go before such funds are adequate to the task of doubling our number of top-quality graduate schools. When research funds provide only for equipment and not for additional general funds to help increase the professors' salaries, they may fail in their objective of retaining top-quality teachers.

The increasing federal involvement in the support of research is altogether desirable. But it is essential to establish sound fiscal and planning procedures lest governmental support harm rather than help the educational growth it is intended to foster. Research grants, for example, may be so administered that they damage the financial stability of the universities. The trend toward the establishment of special-purpose research institutes need watching. Some problems are best attacked by research institutes, but research institutes are not always the right answer. Where research institutes do appear to be a satisfactory solution, care should be taken to locate them near universities so they help strengthen rather than weaken education.

Finally, graduate education cannot be effective in institutions which impose heavy burdens of routine instruction and administration on the research scholar who should have plenty of time free to work with his graduate students. A single graduate course plus the supervision of research may be more than a full-time load for many a professor. Instruction in creative research is attained only by close association with creative minds. Hence graduate education is and will remain very expensive. And yet every dollar the nation invests in this field will be repaid a hundred -- a thousand -- times over in future national welfare.

A Final Word

In all of these areas of concern it is evident that very large national programs are called for, together with the best efforts of teachers, scholars, parents and citizens. If education is to be qualitatively improved at all levels, a larger share of the national effort and the national income must be devoted to it.

Both financial and moral support of the community is therefore vital. It is true that taxes are often burdensome; it is also true that without education there would be few funds to tax. It is true that schools should adopt every reasonable economy in erecting and using buildings; it is also true that the essential elements in a school are the teacher and the pupil, and a building which makes their work more effective is worth far more than it can cost. It is true that we as a people now spend about 4 percent of our gross national product on education; it is also true that if we wisely spent twice that much to achieve higher quality it would be more than worth the cost. Doubling our current annual investment in education is probably a minimal rather than an extravagant goal.

The time was when the little red schoolhouse sufficed to give the future farmer or laborer a smattering that would get him through life. Today three-fourths of our workers require the intellectual and manual training represented by 12 years in school, and they will also need as citizens the general educational background which a good high school education will provide.

More than 30 percent (1/3) of our young people are receiving at least a year of higher education -- and, for the most part, with immense profit to themselves and to the nation, but only a small, though rising, number continue on to graduate work. These will become the leading scholars, teachers, lawyers, scientists, physicians and engineers of tomorrow. Americans now realize as never before the precious value of these people of high talent. Possibly we do not realize that a broad base of education for nearly all young people is necessary to discover, to stimulate, and to educate the unusually gifted. But a broad base of education is needed, too, to make America a better place in which to live -- and a stronger nation more likely to survive.

CHAPTER IV

NATIONAL GOALS FOR STRENGTHENING SCIENCE AND ENGINEERING EDUCATION

The American educational system--fine as it is in many respects--can be, and as a whole should be, substantially improved.

Our changing civilization will demand in the future an even greater devotion to learning and a greater pride in intellectual achievement. The profound effects of recent advances in science and technology demand that scientific literacy be far more widespread among the American people if we are to solve the problems of this age. We therefore conclude that:

...Americans should attach greater value to intellectual excellence.

...Every school and college should re-examine its curriculum to make sure that in every aspect it is giving adequate challenge to the intellectual capacities of its students.

...We should do far more than we are now doing to enhance the prestige of the teacher and to provide him with more effective support in his efforts to improve the effectiveness of his teaching.

...We should move much further in the direction of adapting our educational programs to the widely varying competence of students, and seek especially to meet the needs of the most gifted students.

...We should improve our scientific education at all levels, attempting to give better understanding of science to the non-scientist as well as to discover and stimulate more individuals who have the talents to become scientists and engineers.

To attain these ends we conclude that four major areas need specific and urgent attention throughout our educational system: (1) the curriculum and the content of courses, (2) the quality and effectiveness of teachers, (3) the recognition and encouragement of students, and (4) the development of intellectual leadership.

The Educational Curriculum and Course Content

Curriculum

Conclusions: The quality and content of the curriculum is central in education. At every level in the school, college, and graduate school the curricular offerings must provide the basic educational materials required of all students, plus the broad selection of opportunities appropriate to the student body involved. For those at higher levels in the educational system, it becomes increasingly important that the course offerings give recognition to the range of abilities of individual students, and of equal importance that each student be guided to the offerings best suited to his own innate talents.

Especially in rapidly changing fields, such as science and technology, curricular changes must occur decade by decade, even year by year. At the secondary school level there are problems of balance between vocational and academic courses, and at the college and university level the problem of balance between the sciences, the humanities, and the social sciences.

Recommendations: We urge the scientists and scholars of the country to establish more intimate contact with experienced teachers at all levels, so the curricula and the teaching and learning aids in schools, colleges and universities may take account of the new facts and the new points of view that scientific progress has revealed.

We further recommend that a research program be established by an appropriate foundation or agency in which scientists, scholars and teachers cooperate to design more adequate curricula planned to give to all educated citizens an adequate introduction to those areas of science and technology essential to an understanding of the problems of a modern society.

Course Content

Conclusions: The content of courses in mathematical and scientific fields at both the secondary and undergraduate college level does not adequately recognize scholarly advances in these fields.

Recommendations: We recommend that present efforts be aggressively pursued and substantially expanded in bringing together leading scientists, scholars and teachers in these various subject-matter fields to seek:

1. To bring the course content in each subject at each level into line with the most modern scholarly research in its field, consonant with the level of instruction.

2. To outline, write, publish, and revise the necessary textbooks and auxiliary reading materials to achieve the above objectives. We believe, in particular, that far more imagination and innovation is appropriate in the preparation, printing, illustrating and publication of textbooks--on the one hand, to produce much less expensive books in the basic fields so that a much larger number of students will be able to build their own libraries; and, on the other hand, to insure that all the resources of the modern publication art are brought to bear in the preparation of textbooks which are challenging, stimulating, and exciting.

3. To develop and supply adequate teaching and learning aids of all appropriate kinds, including motion pictures, television, tape recordings, slides, and other audio-visual materials designed to aid the student in understanding the subject more thoroughly, and especially to relieve the teacher of unnecessary burdens of preparation and instruction, and to enable the outstanding teacher to reach a much larger number of students.

4. To develop and supply laboratory equipment and materials for science courses together with the necessary manuals and reading materials to make the laboratory and field work a far more meaningful, useful and exciting aid to student and teacher.

The programs now being sponsored by the Carnegie Corporation, the Ford Foundation, the Alfred P. Sloan Foundation, and the National Science Foundation provide excellent preliminary efforts. They need very rapid and substantial expansion to cover other fields and other educational levels. The National Defense Education Act of 1958 recognized this need.

The Quality and Effectiveness of Teachers

Conclusions: Whatever the nature of the curriculum, the quality of education depends upon the knowledge and effectiveness of the men and women who teach. Their competence in their subjects, their ability to share their knowledge, the spirit in which they undertake the task, and their morale, all play a part in determining how well teaching is done.

The competence of the teacher in subject-matter fields is of great importance at every point on the educational scale. In the graduate school every teacher must also be a scholar. In the undergraduate college a thoroughgoing comprehension of the field is essential. In high school the teaching is far more effective when the teacher has a thorough comprehension of the subject matter and an understanding of its recent developments. It is thus important at all levels to aid the teacher in keeping abreast of his subject and to reward high competence and success. Keeping abreast in science and mathematics requires unusual effort and may demand unusual assistance.

The work load the teacher faces, the research and study facilities available to him, the students and colleagues with whom he associates, the prestige accorded his position, and the congeniality of the community in which he lives, as well as the salary he is paid, each affect the attractiveness of the teaching profession. In varying degrees each young person will consider these elements as he considers whether to enter the teaching profession. To increase its supply of teachers any community needs to enhance the attractiveness of each of these elements. It cannot rely solely on raising salaries, any more than it can rely solely on the simple love of teaching.

There is no longer any doubt that the rising number of students in America is surely outrunning the supply of new teachers. Indeed, it has already dangerously outrun them. Various reports have shown that the number of students per teacher is certain to show a continually rising trend, and that this will continue for a long time in the future. We conclude, therefore, that we must not only attempt to attract more young men and women to the profession of teaching, but we must find ways to increase very substantially the effectiveness of every teacher we will have. We can and we should increase the time the teacher has available for his instructional duties. We should help him to handle more effectively and more efficiently the rising number of students he is bound to face. We must, therefore, learn to use effectively every possible teaching aid, including television, motion pictures, improved textbooks and classroom equipment.

There are many competent teachers in the nation; there are a few superlative ones. The effectiveness of the latter could be multiplied enormously by applying modern techniques of communication.

Recommendations: We recommend that:

1. Scientists and engineers in universities and industries seek to establish organized programs of collaboration with high school and college teachers in order to reduce the gap in communication and understanding between these groups, rendering assistance and providing teaching material to teachers and their students, and bringing high school and college students and teachers into more direct contact with scientific and scholarly work in universities and industry.

2. A research program be sponsored by an appropriate foundation or agency and organized on a national scale to bring together a key group of scientists and scholars to collaborate with teachers and educators on the problem of designing more adequate curricula for the education of high school and college teachers, especially in the sciences and mathematics, with the aims of reducing the alleged conflict between subject matter and methodology, making teacher training programs more attractive to the best students, and bringing about a better understanding between scholars, scientists, teachers, educators and the public in regard to the philosophy, goals, and methods of the educational system.

3. Efforts be continued and accelerated toward improving the economic and social status of teachers at all levels, and enabling them to devote more of their working time to teaching tasks rather than administrative chores, and allowing them more time for preparation and study in their chosen fields.

4. With the assistance and encouragement of our universities, the nation's best scholars join the nation's great teachers in the task of determining how the great teacher may be brought before an even larger number of students.

The Recognition and Encouragement of Students

Recommendations: That we accept as a national goal lifting student performance to higher levels of excellence by greater motivation and by the provision of rewards for intellectual achievement and more adequate and extensive opportunities and challenges to the highly gifted student. To these ends we specifically recommend that:

1. A nation-wide effort be made to pay more attention to the academically talented students (that is, those in the upper) 15 to 20 per cent of their age group in intellectual ability) and to the unusually gifted students (that is, those in the upper 3 per cent of the age group). Such an effort should involve citizens, schoolboards, parents, teachers, together with state and national agencies, public and private. Talented students should be recognized at an early age and given guidance and counsel in planning their educational programs and in preparing for and choosing college and university work.

2. These gifted students be given necessary help in financing their educational programs in high school as well as in college and in graduate school.

3. Such students be rewarded and encouraged for their achievement in order that they may take pride in intellectual excellence, even at an early age.

4. Programs of prizes and scholarships be extended into the high school level so that students even in remote and rural communities are enabled to attend high schools which will provide opportunities commensurate with their abilities.

5. Public and private agencies combine to offer on a national basis a much larger number of prizes than now exist to high school students for unusual intellectual achievement in important subject-matter fields.

The Development of Intellectual Leadership

Conclusions: The intellectual, cultural and material advances of any society depend upon the quality of its leadership--upon its scholars, teachers, lawyers, industrial leaders, scientists, engineers, doctors, and other professional people. These individuals are stimulated and educated in the colleges, universities and graduate schools of the country. To stimulate and educate the intellectual leaders of the future, we maintain a wide variety of colleges and universities located in every region of the United States. These insitutions are continually seeking to improve the quality of the intellectual experience which they offer to qualified students in all fields. All, however, need much more help and support in these efforts.

We are specifically concerned about the slow progress which many of these institutions seem to make in their dual task of (a) providing to all their students an adequate introduction to science and technology and the part they play in modern society, and (b) providing adequate educational programs to those with the talent for and interest in achieving professional careers in science, engineering, and technology.

The separate liberal arts college and the college of arts and sciences of our great universities constitute basic training grounds for most of the leaders of tomorrow. We believe there are overwhelming reasons why such citizens should acquire a reasonable introduction to the principles of science and technology on which the modern industrial society is based. We conclude that scientists and scholars should give greater attention to assisting the undergraduate colleges in providing adequate programs in these fields.

The scientists and engineers of tomorrow will come from such colleges, as well as from more specialized institutions. We believe that the rise of the modern technological society has created conditions which will almost certainly cause a permanent shortage of those highly competent in these fields.

Recommendations: Specifically we recommend that:

1. The curricular revision program now being developed for high school science courses be extended to undergraduate college courses in science and mathematics.

2. Aid be rendered to liberal arts colleges in examining their curricula to assure that they are adequately providing for scientific education of the non-scientist as well as of the future scientist or engineer.

3. We accept as a national goal improving the number and quality of our schools of science and engineering.

4. University graduate schools in science and engineering be enlarged in number and improved in quality, and especially that far greater emphasis be placed upon graduate work in engineering.

5. The engineering colleges of the country collaborate to improve and modernize their offerings in all engineering fields to insure that able students are attracted to these fields and that they are given adequate training to meet the engineering and technological problems of tomorrow.

6. Governmental agencies concerned with research in science and engineering re-examine the terms of their research support to educational institutions with a view to providing greater opportunity to use such research effectively for the education of students, for the attraction and retention of able faculty members, and for the release of teachers and students from burdensome administrative and fiscal restrictions.

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CABINET PAPER—PRIVILEGED CP - 59-13/4

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May 22, 1959

The White House

Washington

THE CABINET

Education for the Age of Science

The attached approved paper is circulated for the background and guidance of the interested Cabinet Members.

The Recommendation in this paper was approved by the President at the Cabinet meeting of May 15, 1959 (RA - 59-132, Item 1).

In accordance with this action, the annex to the Paper -- the Statement of the President's Science Advisory Committee -- was released to the press by the White House introduced by a Statement of the President. The complete released version is attached hereto and of course is not privileged.

Attention is called to subparagraph "f" of RA - 59-132.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

CABINET PAPER—PRIVILEGED CP - 59-13/4

Property of the White House—For Authorized Persons Only May 22, 1959

The White House

Washington

THE CABINET

Education for the Age of Science

A group of scientists, engineers, and educators[1/], working under the auspices of the President's Science Advisory Committee, has sought to outline national goals in education which would serve to strengthen education in science and engineering. The strength of our education in science and engineering is dependent upon the overall strength of our educational system. This statement, therefore, discusses the needs and goals important for the advancement of all our education as well as the specific ways whereby science education can be strengthened.

I. Strengthening Education in Science and Engineering

Those sections, highly summarized, which deal specifically with the improvement of education in science and engineering include the following:

A. Continued improvement in secondary school education is a requisite for achieving the full potential of our science education. Subject matter, which in some fields of science is still more appropriate to bygone days, must be further modernized. Teaching and learning aids need to be further developed to demonstrate and dramatize modern course content; these aids can greatly increase the efficiency of the teacher. Because high quality instruction in all the high school subjects is a primary need, the entire high school curriculum should be reviewed. The high school education needed by the future scientist and engineer in a modern, technological society should be outlined by private groups for the use and guidance of all concerned with education in secondary schools.

B. The undergraduate liberal arts college, to which most college students go, has special opportunities for providing adequate scientific education to students not following a scientific discipline. The scientists themselves have failed adequately to provide the kind of teaching material these colleges need for the general student. The great teachers of science now to be found in liberal arts colleges must be greatly augmented in number; teaching and learning materials must be provided that will aid them in performing their difficult tasks.

C. There is no escape from the urgency of providing high-grade and plentiful adult education in science. Major national decisions are being made now which affect our scientific efforts; these decisions will be made without the participation of our people if the citizenry does not understand scientific matters. Furthermore, major scientific and engineering achievements can be counted upon to raise, as they have already, serious social and international problems which will need the attention of an enlightened citizenry. Science must be made interesting and challenging to the non-scientist, and all the means at the popularizer's command - TV, radio, the press, films, museums - must be used effectively for adult education in science.

[1/] Named on page 34 of the Annex

D. The profession of engineering has become one of the most important in modern society. The profession offers unparalleled opportunity, and the demands for high engineering skill are very great. Education in engineering, however, requires strengthening to prepare students for rapidly growing and changing technologies. Curricular reform is long overdue in the undergraduate engineering colleges because the old distinctions between fields of engineering at this level have partially vanished. Wholly new points of view in "engineering science" as well as new areas of interest - e.g. communication theory, nuclear engineering, and magneto-hydrodynamics - need to be developed. The functions and responsibilities of the engineer need delineation to distinguish him from the scientist. The attractiveness of governmental and industrial engineering research makes the attraction and retention of topnotch engineering faculties an especially critical problem.

E. American graduate schools in engineering and science are as fine as any in the world, but they are too few in number. The few top-quality departments in each branch of science (which now do not number more than 10 or 20 in physics or chemistry, for example) should number 40, or even 50. New graduate schools, particularly in engineering, need to be developed, and they need to be developed in institutions which have excellent departments of science. Existing graduate departments of engineering need to be strengthened. These may well be the most important developments in engineering education in the coming decade.

II. The Current Need to Improve Subject Matter

The continuing modernization of subject matter should have priority over all other considerations in improving education. The content of science courses has not adequately reflected the advancements which have been made in science itself during the past half-century. Many efforts are currently underway to correct this situation.

Once the content of the various science courses has been reviewed and revised, there still remains the task of preparing textbooks and other learning aids. The learning process should call all the human senses into play and use all the modern techniques of mass communication. This modernization requires the attention of the most able men in the various fields; men who have an encompassing view of their subjects, who know their subtleties and who can judge the emphasis which can sensibly be given each aspect. These men cannot succeed unless they collaborate intimately with the best teachers. Only those who are in contact with students can give sensible guidance as to what can usefully be absorbed by the student and how it can best be presented.

Of all the concrete actions that can be taken to improve education in the United States, the revision of course content and the provision of high quality teaching aids are by all odds the most urgent and the most attainable. A small fraction of the money now being spent for education in the United States will, if wisely spent, greatly increase the efficiency of the teacher and improve the education of the student.

III. Meeting the Shortage of Competent Teachers

Good teachers are now in short supply in all fields and at all levels, and they are going to be in shorter supply in the future. In spite of this shortage, we often ask our teachers to discharge more non-instructional duties than may be necessary, and we are often less concerned with their successes than we are with those of the football coach.

A reasonable workload, a reasonable salary, adequate research or scholarly facilities, good students, and a favorable community attitude, are important among the factors affecting the attractiveness of teaching careers, at any level. Several actions can help the too few teachers we now have and encourage more young people to follow the profession: non-teaching tasks now assigned to teachers can be assigned to others employed for the purpose; salaries can be increased at least to the point where the teacher does not have to work on other jobs to eke out a living; time during the academic year, and pay in the summer, should be provided to permit teachers to keep up with their subject matter; scientists and engineers in universities and industries should collaborate with and aid teachers at all levels; the teacher-training curriculum should be re-examined, and should almost certainly place higher emphasis on the substance of what is to be taught; and finally, and perhaps most urgently, we must develop and supply teachers with far more adequate and up-to-date teaching and learning aids of all types. We should aggressively pursue current efforts in each of these fields.

IV. Better Opportunities for Bright Students

Each potentially good student who is either uninspired or financially unable to become a mature scholar represents a great national loss, especially in science and engineering.

Tragic individual losses occur when able youngsters live in communities which cannot afford the educational opportunities in secondary schools that these talented young people need and deserve. There is probably more attrition of potential talent at this level than in any other part of the education system. Measures should be evolved to provide financial support for bright students whose needs cannot be met in their local community to permit them to study in schools where their special talents might be more fully realized. This opportunity is commended to the attention of all individuals, corporations, foundations and others who search for ways to invest in the improvement of scholarship in American schools.

The potentially great scientist or engineer, scholar, physician or educator who ends up, through no fault of his own, in a position which does not adequately use his native endowment represents an unacceptable national loss. Until recent years the total intellectual capacities of our nation have never really been fully challenged. But they are being challenged today. Our intellectual resources will be adequate to meet our needs only if the full brain power of our highly intelligent population is fully identified, encouraged, developed and utilized. Well-trained minds are among the most critical of our present national assets, among the scarcest and most valuable of our resources.

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The specific conclusions and recommendations of the statement begin on page 28 of the Annex.

Recommendation

That the Cabinet concur in and the President approve the release of the attached statement by the White House as a stimulus and guide to citizens and educators throughout the nation.

FOR RELEASE IN THE SUNDAY PAPERS OF MAY 24, 1959

James C. Hagerty, Press Secretary to the President

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THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

This report makes clear that the strengthening of science and engineering education requires the strengthening of all education. As an excellent statement of educational goals and needs, I hope it will be widely read and that it will stimulate a wider understanding of the importance of excellence in our educational system.

One subject discussed in the report warrants special emphasis -- the importance of raising the standing of our teachers in their communities. Higher salaries are a first requirement, but we need also to recognize the great importance of what teachers do and to accord them the encouragement, understanding, and recognition which will help to make the teaching profession attractive to increasing numbers of first-rate people.

more

THE WHITE HOUSE
Washington, D. C.

EDUCATION FOR THE AGE OF SCIENCE

Statement

by the

President's Science Advisory Committee

May 24, 1959

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Statement by the President's Science Advisory Committee

EDUCATION FOR THE AGE OF SCIENCE

CHAPTER I

INTRODUCTION

This report on science and engineering education in the United States has been prepared under the auspices of the President's Science Advisory Committee. It presents the views of scientists and engineers, along with educators specifically concerned with science and engineering education, as to ways in which our education can be strengthened so that it will more fully meet the requirements of this age of science, and best serve the nation in this period when the security of the Free World and the defense of human freedom are inescapable responsibilities of the United States. This report attempts to set forth national goals for strengthening science and engineering education and urges support by all our people to meet these goals.

No one in the United States denies that we should have a first-class system of formal education. But not everyone realizes that the strength and happiness, even the survival, of our democratic society will be determined primarily by the excellence and the appropriateness of our educational patterns. Nor is everyone aware that learning, though it begins during the school years, is a lifelong venture; that education is a part of life, not merely a preparation for it.

A modern educational system should not only sharpen the intellectual capacities and curiosities of each new generation, should not only extract the essential core from ever-accumulating stores of knowledge, should not only find ways to produce new leaders equipped to add to these stores and to create all the new tools that the civilization requires; it must also produce citizens and leaders who will know how to use the knowledge and tools to advance social and cultural life.

We ought not speak of our educational tasks solely in terms of buildings or budgets or even of curricula. These, indeed, are necessary means to the end. But we must think of the end itself. The end is clear: to introduce the growing child, the youth, and the adult to the best and most essential elements of the intellectual and cultural experience of previous generations; to do this in such a way that we stimulate curiosity and encourage each individual to look forward, not backward, to develop his own talents to their maximum, and to continue this development throughout his life.

No social activity is, therefore, more important than education. It is right and it is necessary that we should expend great effort and resources in order that every American child shall have the opportunity for the 10, the 15, or even the 20 years of formal educational experience required to give him full command of his intellectual powers and enable him to live a rich and fruitful life, both as an individual and as a citizen. It is right, too, that we should take stock of our educational achievements from time to time, and especially that we should measure them honestly and objectively against our ideals and ambitions.

The Premises of the American System

The educational needs and problems of each nation have their own peculiar flavor. No nation can copy another. The American problem is conditioned by our traditional dedication to the proposition that most of our children shall have a long educational experience, that no child shall be deprived of the fullest opportunity to develop his own talents, and that the people of each local community shall, to a large degree, be autonomous in the decisions they make about the education of their own children. In theory we intend that the brilliant child shall be able to develop brilliantly; that the slow or backward child shall be nurtured patiently; that the artisan shall not be considered inferior to the intellectual because he is an artisan, if only he is a good one; that no one shall be condemned to a lowly position or elevated to a high one by the mere circumstance of the wealth, power or prestige of his ancestors.

These are our premises and most of our educational policies are based upon them, yet there are inconsistencies. Very few Americans, for example, would insist that the words of the Declaration of Independence require that all Americans be equally competent in intellectual matters and that they should, therefore, automatically pass together from grade to grade in school. Yet occasionally this seems to be our policy.

Americans do not really think that educated people are dangerous or silly -- yet the terms "egg-head" and "intellectual" are not always terms of approbation. We occasionally act as though we feared the word "excellent," especially as applied to mental achievement; as though we felt there was something strange about the "straight A" student.

In short, we cannot always assume that our practices live up to our ideals. Hence, it is profitable every now and again to examine our educational system and to note where it fails to match the highest ideals we have set.

Varieties of Talents

Men have always displayed a wide range of physical and mental talents. Different societies have placed different values on these talents -- now honoring the holy man, now the warrior, now the poet, now the plutocrat, or the athlete, or occasionally the philosopher. The more primitive societies tend to honor the athlete, the warrior and the mystic; the more sophisticated ones recognize also the important place played by the intellectual.

Today in America we need a very wide variety of human talents. We need not only farmers and artisans, and clergymen and lawyers; we need also painters, sculptors, nuclear scientists, business leaders, engineers, architects, economists, bankers and politicians. We need a host of other kinds of people, each with special training but all with a broad background and point of view. Furthermore, as knowledge advances in each generation, and as innovations accumulate, new kinds of skills emerge and students must be trained in new professions to cope with new problems. In the United States of a century ago the average person may have needed only elementary instruction in the "Three R's," plus a grain of common sense, in order properly to discharge the duties of citizenship. But today the Three R's and common sense alone are not enough. In the modern world everyone is, to some extent, a specialist. Yet each specialist in a democracy must also be able to deal with problems for which his specialty does not concretely prepare him.

A successful democratic society, in short, must have millions of well-educated citizens who can comprehend what the specialists and the leaders are proposing, and who have a chance to judge these proposals wisely.

The changing times are also changing the role of women in our society. For more than a century there have been some distinguished career women in the advanced societies. But now modern technology has provided a release from domestic drudgery which offers many women more time, even while they are young mothers, to devote to creative pursuits. Earlier marriages advance the age at which married women can look forward to very substantial commitments of time outside the family. Women therefore constitute an enormous potential resource for research, scholarship and teaching which we have not even begun to tap. We should begin conscious efforts to assist them to make the contributions of which they are capable.

Ferment, not Chaos

Because we are struggling to meet this multiplicity of rapidly changing aims through continual alterations in our educational system, it is perhaps not surprising that our educational world is in a continual ferment. But this ferment, though it is far-reaching, does not necessarily mean chaos. A modern and rapidly changing society inevitably must have a diverse and a rapidly changing educational system. Our society will be shocked from time to time by unexpected and startling events throughout the world. Such events may stimulate us to re-examine our educational procedures. But we cannot amend our educational system overnight, or suddenly remove our educational deficiencies. Our system must be kept on an even keel, our educational goals must be kept clear; we need to work steadily and not impulsively, constantly to improve our system and to accept change as inevitable and desirable.

CHAPTER II

THE PLACE OF SCIENCE AND TECHNOLOGY

Science, engineering and technology have obviously been responsible for a host of conspicuous changes at all levels of our modern civilization. There is much reason to expect that such changes will continue, and will indeed accelerate. There is no way to turn back the clock or to turn off scientific advance. There will be no international moratorium on science or technology. The people of the United States, on the most practical grounds, must accept and support these propositions. By ignoring them, or by fostering them only with reserve, they could doom their nation to unnecessary weakness and backwardness in a world where other nations are not so foolish. Alfred North Whitehead said in 1916:

> "In the conditions of modern life the rule is absolute: The race which does not value trained intelligence is doomed. Not all your heroism, not all your social charm, not all your wit, not all your victories on land or at sea, can move back the finger of fate. Today we maintain ourselves. Tomorrow science will have moved forward yet one more step, and there will be no appeal from the judgment which will then be pronounced on the uneducated."

This is even more forcibly apparent in 1959 than it was in 1916. It follows that we must educate more, and especially we must educate better, scientists and engineers. But this is not enough. We must have trained specialists in many fields. Even then we would not be successful if, having such specialists, the American people were merely to applaud and reward them for their contributions while still thinking of them as useful strangers, dimly understood and more feared than admired. Hence, we must also cultivate a widespread dedication to and respect for learning in all fields, and a deep understanding between the public and the experts.

Growth of Science

The story of man has from the very beginning involved his progress in the conquest of nature, and, less successfully, his effort to understand himself and to live amicably with his fellow men. Here we are concerned with the accelerating conquest of nature which began in prehistory and proceeded in spite of superstitions, of magic, and of taboos. Yet modern science had its beginnings only 300 years ago, and since then our ability to understand nature has grown by leaps and bounds and at an ever-accelerating rate. Twentieth-century advances in the techniques of research in applied science, replacing the simpler process of invention, have aided the explosive growth of modern industrial societies.

Science affects the life of every contemporary man every day. It conditions decisions that need to be made by his government on many matters, including national defense, foreign policy and public health. It affects the decisions made by individuals on business problems, on selecting a community in which to live, on choosing an automobile, a record player, or perhaps even a dentifrice. If an individual is ignorant of science he must guess what to do or else believe what he is told. Even if he is told what to do by an expert, he has no way to check on this advice or even to understand it. This unhappy predicament is precisely that of most citizens of the United States today. Their fate in important matters and in trivial matters alike may thus be decided without their participation. And it will not be otherwise so long as they remain illiterate about science and technology.

The march of science and technology is of growing importance to every American as a citizen. Congress regularly appropriates huge sums for scientific research and even larger ones for engineering and development; yet a majority of the voters have little grasp of what this is all about. Do we, for example, seek to make shots at the moon, or send vehicles to Mars, in order to extend scientific knowledge alone -- and, if so, how much is that effort worth? Is our primary purpose to launch such vehicles before the Russians do for the sake of impressing the rest of the world? Then how much are such achievements worth? To what extent do these space ventures attain primarily a strengthening of our military capabilities? And are they indeed the best way to gain military strength? If our space ventures essay all of these purposes simultaneously, we must still have judgment on the weight to be given to each purpose. To be able to think beyond the press releases and publicity statements, to understand the background of national debate requires a greater comprehension of space problems than that provided by science fiction or the comic strip.

Yet the field of space research is only one important field of modern technology which is of concern to the average citizen. There are other fields involving communication, transportation, and human health. But are there still others which we do not recognize at all? Is it because no comparable Sputnik has awakened us? The shocks provided by achievement elsewhere may not be an adequate guide to our progress or our efforts. A national effort is required to strengthen our scientific and technological efforts in all fields, aimed at the advance of knowledge and the enhancement of the general welfare. In a democracy such an effort can succeed only if it has widespread public understanding and support.

Other Values

The educational values in the study of science go far beyond the practical matters of a cold technological war or even those of the wise use of science in the service of society. The student of science quickly learns that all scholars seek the truth and that they must be critical and honest with each other. The study of science may offer to the young student his first and possibly his best early opportunity for learning how easy it is to make mistakes and how hard it is to advance knowledge. It may also provide the simplest early experience of the supreme virtue of intellectual honesty.

Then, too, we must be aware of the humanizing aspects of science. The beauty and order of nature which science reveals are as moving in their way as great paintings or fine drama. The vast reaches of the universe now being examined by the modern astronomer are as inspiring as great music. The fact that the laws of science span all national and ideological boundaries makes science the universal language, a link between nations, and a real potential force for peace.

Americans diminish their capacity as citizens, give up an early strengthening intellectual experience, and forego great pleasure, excitement and adventure when they neglect to study science.

The study of science thus enhances the education of every citizen, in addition to providing the necessary basis for the education of the future professional scientist, engineer and technologist. For all these reasons we believe it is appropriate and necessary that the American educational system give due recognition to instruction in mathematics, science and technology.

Does this mean that every high school student should become a scientist? Of course not. But he should have the opportunity to gain insight into the methods and concepts of science so that he can understand the world of science in which he lives. He should not undergo a regimen which stifles his childish curiosity about the world of nature.

Unfortunately, many children are thus stifled. Many schools do not have either the teachers or the facilities to provide good science instruction. Some children are frightened away from science by the mathematics it uses. Others find the traditional discussions of pulleys and levers, or a wearisome listing of species and genera, too dull to excite their curiosity to learn more. Still others are advised by parents or friends, or even teachers, to avoid difficult subjects like mathematics and science, in spite of the fact that many students find these the easiest, because the most exciting, subjects of all.

We emphasize that we are not urging that other fields of intellectual importance be reduced or diminished, but only that a proper balance be maintained in our educational offerings. We fear that in the past there has been inadequate emphasis on mathematics and science.

CHAPTER III

THE MAJOR TASKS

The American educational system has been the subject of major concern to Americans throughout our national history. In each generation new educational objectives have been sought and new educational methods designed to achieve them. Each generation has seen new educational achievements, has seen a more adequate adaptation of the educational system to the national needs. But now many of the national needs are changing more rapidly than ever before. The nature of our society has changed as much in the last decade as it once changed in a century.

No educational system should attempt to meet the changing fancies of each passing hour, and yet it must provide its students with the intellectual tools to meet the problems both of today and of the future. The educational system must always have as its primary objective the development of men and women of noble character and high moral purpose who have also the intellectual capacities and the sense of values to lead fruitful and satisfying lives in modern society. Four specific tasks require special emphasis today, in light of our ambitions toward intellectual development. These are:

To build well-rounded curricula and in each subject to stress intellectual content and provide for recognition of intellectual achievement.

To recognize that teaching is a task of primary importance in modern society and therefore to encourage, aid, and reward competent teachers in all fields.

To recognize that our modern society needs human talents of a wide variety, and that it is essential that every individual be given the maximum opportunity to develop his particular talents to their utmost.

To understand that the advances of science and technology need special attention to the end that (1) all citizens of modern society acquire reasonable understanding of these subjects, and that (2) those with special talents in these fields have full opportunity to develop such talents.

Intellectual Excellence

In a frontier society, such as that of America of 100 years ago, it was natural that physical prowess and bravery, inherent in the pioneer, should have been held in high esteem. Today the frontier is intellectual; the scholar, the research worker, the scientist, the engineer, the teacher are the pioneers.

Until recent years the total intellectual capacities of our nation have never really been fully challenged. But they are being challenged today. Our intellectual resources will be adequate to meet our needs only if all the brain power of our population is fully developed and utilized. Well-trained minds are among the most critical of our present national assets, among the scarcest and most valuable of our resources.

Fortunately, Americans of high talent can be found in every field of human endeavor, in teaching and in music, in art and in craft, in science and in economics; we have produced brilliant clergymen and philosophers, engineers and lawyers, doctors and politicians. We need high-quality leadership in all these fields; we need to make sure that the young potentials for such high-quality leadership are developed and not wasted. To this end intellectual excellence needs to be fostered, rewarded, and applauded. Though the star athlete may remain a hero, it is now evident that an even deeper recognition ought to be given to the scholar. An enhancement of the nation's desire to learn and an increase in its respect for intellectual excellence have become essential to national progress, and even to survival. Whatever importance we may attach to the acquisition of physical and mechanical or social skills, they must not be mistaken for, or replace, the acquisition of intellectual competence. In school or in college, learning to think must take precedence over learning to run or swim or drive a car.

It is true that as the school child grows into the adult, he must accept adult responsibilities as a member of a family, a member of society, and a wage earner. But it does not follow that schools should over-emphasize vocational skills or "personal adjustment" and social techniques at the expense of intellectual subjects. When social and technological change took place more slowly than it does now, it was sometimes possible for one generation directly to teach the next the "practical" skills that experience had developed. But social and technological change are now taking place too rapidly for this kind of instruction to be the best method of preparation for adult responsibilities. The vocational necessities remain, but the best help our schools can now give many students is an intelligent understanding of the world in which they live -- a basis on which they can begin to think and learn for themselves so that they will not be lost or supine in the changing world of tomorrow.

We are aware of the fact that American education is dedicated to the principle that it must deal with students whose IQ's range from 70 to 170 and, in some states, is required by law to work with the "trainable" (but not educable) child with an IQ in the fifties. Not all students will learn at an equal rate; the intellectual content of an educational program ideally should be adapted to the individual needs and capacities of each student. Nevertheless, since almost the whole reservoir of our most able scientists and engineers and other leading professional men will be found among the upper 15 or 20 percent of the students (the so-called "academically talented"), we must give these students maximum encouragement and maximum opportunity to develop their talents.

The Teacher

There is much more to learn than there was 100 years ago and hence the learning process must be made more efficient at every level. Time is precious in each student's life so there is an evident necessity to examine our methods of teaching and learning and to work imaginatively on every possible way of improving them. But at this point we face the distressing fact that good teachers are now in short supply in all fields and at all levels and that they are going to be in shorter supply in the future.

At the college and university level, teachers with Ph.D. degrees are important because of their more extended training in scholarship

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and research. In the recent past some 40 percent of such faculties have held Ph. D.'s, but the prospects for the future are that there will be a further decline.

The National Science Foundation, in 1956, estimated that we must have 300,000 or more new college teachers by 1970 if we are to keep pace with our needs. Prospects for filling even 40 percent of these positions with Ph. D. recipients are very slim. Some authoritative sources have indicated that we will provide only 20 or 25 percent. In fact, the National Education Association has found, in studying newly employed college teachers, that the percentage holding earned doctor's degrees dropped steadily from 31.4 percent in 1953-54 to 23.5 percent in 1956-57.

There were only 250 students in the country in 1957-58 who took Ph. D.'s in mathematics; 500 in physics; 1000 in chemistry; 650 in all engineering fields; many of these, of course, will not go into teaching at all.

High school science teachers come from teachers' colleges, from liberal arts colleges, and from universities where they have taken either a major or a minor in science, with perhaps some education courses to meet certification requirements. The present corps of full and part-time high school teachers of science and mathematics of all kinds numbers about 140,000 and the annual loss is about 10 percent. Thus merely to replace those who leave, and taking no account of increased student population, 14,000 new teachers would be needed each year. But secondary school populations will increase at least 50 percent by 1969. Thus merely to maintain our present inadequacies we will need to increase input each year until by 1969 it is at least 21,000 new science teachers each year.

Meanwhile, there were in the fall of 1957 about 390,000 juniors enrolled in colleges and universities as resident students, according to the Department of Health, Education, and Welfare. Of these, some 50,000 were enrolled in science and mathematics, including 5,000 in physics, 9,000 in chemistry, 9,000 in mathematics and 20,000 in one branch or another of the biological sciences. Not all of these students, by any means, are interested in teaching; many will enter graduate or professional schools and will be employed by industry. In fact, the National Education Association has estimated that only 12,000 college and university students will qualify for teaching certificates in science and mathematics in 1959. Finally, probably more than a quarter of those who qualify for teaching will not enter teaching. The supply of new teachers is falling far short of the demand.

Analagous situations exist in other regions of the educational spectrum. Evidently we shall need to do all we can to extend the efficiency of the teachers we have and to enhance their effectiveness.

One of our difficulties arises from the fact that we ask our teachers to do a great deal more than may be necessary. We ask them to keep order in classrooms, to inspire the students and to be their judges at one and the same time. But all too often we ask them also to undertake many other administrative duties which are only indirectly connected with the job of teaching. We insist that they know how to teach and also that they know what to teach, although we have long been uncertain as to how much to value each of these abilities. Knowing what to teach in turn requires that they be scholars of sorts -- or at the very least that they keep up with significant developments in the subject they are teaching. We hope as well that they will strive continually to enlarge the boundaries of their own general ~~cultural~~ knowledge.

This is a large order!

But what do we offer in return? We are often less concerned with their successes than we are with those of the football coach, whom we customarily pay more money as well. We impose a load of class hours and student numbers which make it almost impossible for teachers to do their best either as stimulators or as guides, critics or judges -- or to find the time and energy for their own scholarship and self-development. It is small wonder that good teachers are in short supply.

The attractiveness of teaching careers at all levels from secondary school to postgraduate university depends on many things beyond the mere general attractiveness of the surrounding community. The weight put upon each may vary from teacher to teacher and from institution to institution, but all are important. They include, among other things, a reasonable work load, a reasonable salary, adequate research or scholarly facilities and opportunities, good and interested students, associates interested in the same field, a favorable community attitude toward intellectual achievement, which provides recognition of good teaching and the opportunity for professional development. None of these is trivial. They are commonly most favorable in graduate schools and in universities, next in colleges, and least of all in the majority of secondary schools.

The public attention to the shockingly low average level of teachers' salaries is long overdue. For the teacher who is the head of a family, the inadequate remuneration makes it impossible to continue in the profession without taking on a second job, devoting his evenings, weekends, and summers to unrewarding and often exhausting breadwinning tasks.

Science teachers face particular difficulties. Often an adequate science preparation has not been required of them or has been denied them by competing requirements of "teacher-training" subjects. Some quite progressive states require their teachers of chemistry and physics to have studied only 12 to 18 college semester hours (1-1/2 to 2 courses) of the subject they are to teach. Many school teachers have, to their credit, probed their subject more deeply. But the boundaries of science expand with bewildering speed; sometimes inadequately prepared in the first place, the science teacher tends to fall further and further behind with the passing of each year. He needs encouragement to know more in the first place, and time and incentive to keep up to date thereafter.

We can help our teachers to be better at once in at least five ways:

(1) Many of the non-teaching tasks now imposed on teachers should be assigned to others who are especially employed for the purpose;

(2) Teachers' salaries should be increased to the point where the teacher does not have to work on other jobs to eke out a living. Being properly paid for his real job, he can be expected to devote all his time to

teaching and self-development and to take his rightful place in society;

(3) Time should be provided in the academic year (and pay in the summer) which will permit teachers to keep up with their subject matter; leaves of absence should be allowed for the purpose of enabling the teacher to add to his understanding of the subject matter of his specialty;

(4) We should reexamine our methods of training new teachers. We need to evaluate anew the relationship between curricula devoted to the art of teaching and those devoted to the substance of what is to be taught. We need to design programs that recognize that methods and substance cannot be divorced. We almost certainly need to place a higher emphasis on substance. Teacher certification generally should lay more stress on subject knowledge than it does now. We suggest that subject knowledge should be stressed not only to become certified but to stay certified, and the need to keep up to date should be emphasized even by reexamination if necessary. Conversely, we deplore those rules which exclude from secondary teaching first-class scholars solely because they lack the proper number of credits in "education";

(5) Finally, and perhaps most urgently, we must devote very substantial resources to developing, and supplying teachers with, far more adequate and up-to-date teaching and learning aids of all types.

In addition to cultivating the supply of teachers and offering them help of the kind indicated (on which a start has been made) something may be done within the existing framework by a more efficient distribution of the school population. Dr. James B. Conant has suggested in his book, "The American High School Today," that the total number of high schools in the United States could be substantially reduced. He writes:

> "There are approximately four thousand high schools with graduating classes of at least one hundred and some seventeen thousand high schools with graduating classes of less than one hundred. There are approximately a million and a half twelfth-grade students in the United States. Approximately one million of them attend the four thousand high schools of sufficient size. If the remaining five hundred thousand now scattered among the other 17,000 high schools were distributed uniformly in high schools with graduating classes of one hundred, five thousand high schools would be needed. The total number of high schools would then be nine thousand (the present four thousand of sufficient size plus the additional five thousand). Since some of these new high schools might well have graduating classes larger than one hundred, it is safe to assume that nine thousand is the maximum number of high schools needed in the United States at this time. . . .
>
> "If the total number of high schools on a nationwide basis were reduced from about twenty-one thousand to approximately nine thousand, secondary instruction throughout the land would thereby be generally improved. Teachers and other professional

personnel would be made available, and their talents could be used more effectively. Almost all academically talented youth would be able to study physics, for example, not only without there being any increased need for teachers, but also under an arrangement that would have virtually eliminated the so-called 'teacher shortage' in this field."

But this consolidation is not easily accomplished, and hence even after all the other provisions have been made to attract and to keep competent teachers in the profession, we are convinced that the shortage of competent and well-trained science teachers is wholly unavoidable in the foreseeable future and may well be a permanent condition. Hence there must be a massive program to compensate for this shortage by enabling individual teachers to be far more effective than they have ever needed to be before. We must find ways to enable individual students to achieve educational goals on their own initiative and without such heavy dependence upon the teacher's time and energy. We shall return repeatedly to this subject.

Variety of Opportunity

The Spectrum of Talent

Education in America is for everyone, but not everyone can profit from the same amount of education. Many pupils properly elect to leave school before or at the end of high school; for them, a general education with perhaps some special vocational preparation is necessary and appropriate. Others continue into or through college; they should receive a general and liberal education at a higher level and should study some subjects in depth. Others, though not so many, continue through graduate school and become scholars and teachers in the sciences, the humanities, and the professions. For those who proceed up the scale, the greatest contribution that school and college can make is to emphasize excellence, to require high standards, and to provide opportunity for each student to proceed as far and as fast as his own talents and ambitions dictate.

Education is for everyone, but not every student has the same type of ability or the same interest. Democracy does not require that everyone go to college. By accepting such a shibboleth we can only debase the significance of a college degree. Thus there properly are curricula designed for students whose interests and aptitudes are in manual or vocational subjects, and others for those whose interests and aptitudes lie in art, in science, in business, medicine, teaching, engineering and in other fields. And finally there are curricula designed to develop intellectual interests without regard to professional or vocational goals.

There is great diversity in the American educational system -- but not enough. For example, despite interesting experiments in advanced placement, there is still too much emphasis placed on a particular number of years of schooling -- there are some students for whom this number is too many, and others for whom it is too few. There is no reason to expect every student to need 12 years to complete the work of elementary and secondary school, or four years to graduate from college. Experience has shown that some able and well-adjusted students can save two or more years out of the 16-year program without loss. Others may well and profitably study for a longer period to attain the same goal. Moreover, within a school year there is relatively little freedom of scheduling in school or college. Most subjects are purveyed on some kind of regular calendar which allots roughly the same amount of time to each, which appears with the same periodicity and which ignores differences in learning needs or methods, or in the importance of the subject.

Students differ widely in ability and in motivation. The standards of excellence, the number of years in school, the rate of progress, and the material covered should be determined by the capacities of the individual student; not by the capacities of the average student or by the mere chance of there being enough other students similarly endowed to constitute a class. It is especially important to enhance the opportunities for the most gifted student, He can do some things that the less gifted can never do. He should not face obstacles in learning to do them. Where state or local practices or requirements conflict with these goals, they should be changed.

The Search for the Gifted

In American education we try to offer opportunities to all to the degree they can grasp them. No other nation has as yet attempted anything comparable to this.

To serve this purpose, the American educational system has undergone an enormous expansion in the last .5 years and the process is continuing. At the turn of the century only a small minority of boys and girls finished high school; today two-thirds do and half of these may start college.

But the needs of the individual may have been neglected in the process. As classes become more heterogeneous, the pace found suitable for the average is too slow for some, too fast for others. And if the notion is insinuated into the classroom that all students who enter the secondary school must graduate with their class, lest maladjustment or drop-out ensue, the educational content must surely suffer.

Yet we recognize that in a democracy we should provide each individual with opportunity to develop his own talents to the fullest. It would be difficult to think of anything less democratic than a system that sacrifices in any way the stimulation of the bright student, either to learn more or to progress faster through the prescribed work.

This means, however, that we should take immediate and greater steps to speed the discovery of talent, and to encourage and support that talent when it is found. Still more programs should be devised by which exceptionally able students can proceed at a pace commensurate with their abilities. Such students should be given formal recognition, locally and nationally. They should be treated as young people who will have exceptional opportunities and corresponding responsibilities. All this should be done without separating them unduly from their less able companions, setting them apart and making them appear peculiar. In this regard, the Advanced Placement Program of the College Entrance Examination Board is to be commended. The program, now in its fourth year, involves 650 high and preparatory schools, more than 300 colleges, and will produce this year approximately 12,000 high school students who will take 15,000 examinations for advanced placement in college.

Finally, under no conditions should able young people be forced to discontinue their education at any level for economic reasons. They are the nation's most valuable, and its ultimate, asset. The nation as a whole should take the responsibility for seeing that they are permitted to make themselves as useful as they can become.

Tragic individual losses occur when able youngsters live in communities whose aspirations do not demand or whose pocketbooks cannot afford the educational opportunities in secondary schools that these young people need and deserve. The nation loses as well as the individual student. There is probably more attrition of potential talent at this level than in any other part of the educational system. We strongly urge that measures be evolved to discover and to provide financial support for bright students whose needs cannot be met in their local community, and to make it possible for them to study in more adequate schools. Such financial support begun, where necessary, in the secondary school and continued through college and graduate school, should be regarded not as a charity but as a prize honestly won for achievement -- and a wise investment in maintaining the national welfare.

This problem is commended to the attention of all individuals, corporations, foundations and others who search for ways to invest in the improvement of scholarship in American schools. The nation could learn much, for example, from a pilot experiment enabling brilliant but isolated students to attend schools which offer Advanced Placement Courses if the local schools cannot or do not. Except in unusual cases, the expense of attendance at another school, however remote geographically from the student's hometown, should not fall on the student or his family.

It is scarcely possible to put the matter too strongly. The potentially great scientist or engineer, scholar, physician, or educator who ends up, through no fault of his own, as an underling at a task below his native endowment, represents an indefensible national loss.

The Problem of Mutual Understanding

One of the great strengths of this nation is the diversity of its citizens. No man or council of men dictates what our people individually should do, or how they should be educated. Each of us is remarkably free to pursue that which interests or profits him personally. Out of this great diversity of individual expression comes great strength and wide capability. The diversity should be husbanded. But it cannot long be fruitful if it breaks the nation into isolated groups. Going his own way, a man must understand why other men go theirs, and must respect their right of choice.

A primary objective of an improved educational system should be to bridge the gaps between important segments of the American people. There are many such gaps, even among highly educated people: between scientists and artists; between intellectuals and non-intellectuals; between the scientists, humanists, and social scientists; between scholars, research workers, and teachers; between "pure" scientists, applied scientists, and engineers; and there are others. Such gaps inhibit the close collaboration between groups which is essential to improving the intellectual atmosphere and developing a better and stronger society.

We are especially concerned about the gap between the man or woman who practices a science and the man or woman who teaches it. In the high school, and to some extent even in the colleges, the teacher does not find adequate contact between himself and the professional scientist or engineer.

The damage this does is manifold. It deters the scientifically minded young man or woman from seeking to make a career in high school teaching, since he may feel that he will cut himself off from the world that interests him. It deprives the high school student of the assurance that he will be taught science by someone who understands the subject and loves it. It robs both science and engineering of bright young students who under the proper stimulus in a secondary school might have found in those subjects the promise of a satisfying career.

The responsibility for an attack on this state of affairs clearly lies with the scientists and engineers themselves. They should attempt to keep the high school and college teacher in the main stream of science, and to welcome him as a member of the profession, performing functions no less vital than those of the research man, the professor, or the practicing engineer. It serves no purpose for the professional man to be critical of high school or any other teaching, unless he himself is prepared to take steps to help improve it. Indeed it is irresponsible.

Adequacy of Science Education

The High School

Of the 21,000 high schools in America which graduate a senior class, the number possessing real academic strength is not large. Sometimes a whole region may not have a truly distinguished school. And even when a region does possess several schools of high quality, such is the low order of communication and the transmission of good practice, school-to-school, that the best and the worst may be found side-by-side, separated only by a town or city line. But in even the strongest schools, and invariably by their own admission, the content of subject matter in some fields is still more appropriate to bygone days.

The modernization of secondary school science and mathematics education represents a huge task, and is a necessary preliminary to revitalization of science education in general. The several current experimental programs in high school physics and mathematics are most encouraging. We are convinced that much is to be learned from these pilot projects. But the effort must be much larger and should embrace many other fields. The problems of improving science courses may help us solve the problems faced in improving other subjects. They fall conveniently under three headings:

Course Content

Subject matter should have priority over all other considerations, and attention should be first concentrated here.

In recent years several studies have been made of the subject matter of physics courses. It has generally been found that course content has stood still over the last half century, or has simply been patched up by adding sections on recent developments as postscripts. During this time the science itself has advanced at an accelerating pace, and the entire attitude of the physicist toward the universe has, in many cases, undergone qualitative change.

Yet the textbooks now in use reflect predominantly the "classical" or mechanistic view of physics. The professional physicist, on the other hand, deals with particles and waves, and uses classical physics merely as a road to lead to these matters. The new point of view cannot be adequately treated only as an afterthought in a final chapter on "modern physics."

Corresponding criticisms may be made of the other science courses. The progressively closer relationship between physics and chemistry is represented in neither course, and biology courses may make virtually no reference to the exciting frontiers that this science has reached in its increasing relationship to physics and chemistry. Education in science should have the objective of creating some understanding of the how and why of observable phenomena and the methods of science itself. Both can be lost in a parade of detail and exercises of memory. All of these courses require a revitalization of their content.

This is not a task from which the scientists themselves can stand aside. It requires the attention of the most able scholars in the various fields; men who have an encompassing view of their subjects, who know their subtleties and who can judge the emphasis which can sensibly be given each aspect. It requires, in fact, the very men who are most occupied with other matters. Yet we urge such men to recognize that the necessity for a better educational system may take priority over their other interests. Naturally, these scholars cannot succeed unless they collaborate intimately with the best teachers. Judgment must be exercised as to what can usefully be absorbed by the high school student and how it can best be presented. Only those who are in contact with students can give sensible guidance.

This combined effort must be a continuing one. If the subject matter in the high school today is largely frozen in the mold of the early 1900's, it will not be of benefit merely to refreeze it into the mold of today. A mechanism must be found to provide continuous review and revision.

Learning Aids

When we have decided what the content of a course should be, there still remains the task of preparing textbooks and other learning aids. Over the past few years there have been many recommendations for the improvement of course content. Often these have not been incorporated into the teaching structure because they were not embodied in available teaching materials. The originators of the proposals had not completed their task.

The learning process, and therefore the learning aids, should call all the human senses into play. The use of audiovisual material, particularly motion pictures and television, has grown immensely in the last decade, but the possibilities have only begun to be realized. Television, a teaching medium of great potential power, has never been adequately studied by those persons who might learn how it could most wisely be used. A study of educational films quickly reveals that too many of them represent neither a tolerable level of film making nor a tolerable level of intellectual content. A large research program to investigate imaginatively the possibilities of television and motion pictures in helping both teacher and student is clearly in order, and current efforts to begin one come none too soon.

Many subjects, including the sciences and mathematics, suffer also from a serious lack of supplementary reading matter for the brighter high school student. Such publications as the Scientific American and the various children's and other popular science books and periodicals go only a part of the way in filling this need. The preparation of adequate low-cost libraries for each of the sciences would be one of the greatest services that could be rendered American education. A series of well-written monographs on important subjects (such as the new Science Study Series) would also reach an audience far beyond the secondary school students for whom they would nominally be intended.

Finally, advantage should be taken of the increasing interest in home activities that has been so marked in recent years. High school laboratory programs should be prepared so that the interested student will be encouraged to carry forward his work at home. Science libraries should include books designed to encourage scientific or mathematical experimentation beyond school hours. "Do-it-yourself" can have significance far beyond making a picnic table or a bookcase -- or a dangerous rocket!

Throughout this report we emphasize the need to revise syllabi and to provide teaching aids. Of all the concrete actions that might be taken to improve education in the United States, whether in the first grade or the last year of college, these are by all odds the most urgent and most attainable. The United States at present spends approximately $15 billion a year on formal education; a fraction of one percent of this total, over a period of only a few years, would mean an increase in the efficiency of the teaching process and would yield benefits out of all proportion to the cost.

The High School Curriculum

Although this report is intended to deal with science and engineering, these subjects do not exist in isolation, and no treatment of them can be complete without some attention to the secondary school curriculum in general and with content of courses other than science.

Fortunately, these matters have been competently treated in Dr. James B. Conant's report on "The American High School Today," so we need only to refer the reader to it and heartily second his recommendations.

We emphasize also that the future scientist or engineer needs adequate preparation in English, history, and languages. In fact, the minimum secondary school requirements which a science major should bring to college should include four years of English, three years of mathematics, two of science, three of one modern language and two of social science including history. One more year each of science, social science and modern language would be helpful. Many leading engineering colleges require four years of mathematics for admission, and all would find it preferable. Such a program obviously leaves little room for non-intellectual subjects in the curriculum, and if a desirable exposure to art and music is added there is obviously no time at all for less vital courses. Subjects like shorthand, accounting or home management ought to be reserved primarily for those for whom academic work is not appropriate.

It must be emphasized again that high quality instruction in all these subjects is obviously the primary need.

The Undergraduate Liberal Arts College

Most college students are not headed toward science or engineering. They expect to become businessmen, lawyers, school teachers, or they have not yet decided what they will do after college. Typically they are enrolled in a so-called liberal arts curriculum -- either at a separate college or in the college of arts and sciences of a university. Unfortunately, to most of them "liberal arts" means all fields except science, a gross misrepresentation of the original concept of the term which once was intended to include mathematics and science.

. Such students may not need the specialized knowledge required of the professional scientists. But every college student needs a considerable understanding of science, for reasons we have cited earlier.

It is a half century since any American liberal arts colleges would announce, as some did at the turn of the century, that the classical course is "the course best fitted to give the most symmetrical development to the mind and the broadest culture; and it is the one which they would earnestly advise every young man seeking an education to choose." While contemporary liberal arts colleges do not make such assertions, the position of science is still often unsatisfactory and unrealistic.

The liberal arts curriculum may require one or two courses in science. However, the college student often does not discover the personal satisfaction to be gained from the study of science, and hence scorns the utilitarian necessity for understanding it. As the musically literate gets more enjoyment out of music, so the scientifically literate can derive far more personal identification with and satisfaction from rapid technological change if he understands the fundamental scientific principles on which the new technology is based. His knowledge helps to bridge the dangerous gaps of misunderstanding which sometimes exist between scientist and non-scientist, and gives him a better appreciation of what his colleagues in other fields are doing. Perhaps most important of all for the satisfaction of the educated man is the simple fact that he understands the achievements and the objective methods of thought that are characteristic of and perhaps dominantly characteristic of the twentieth century.

Liberal arts faculties have a great opportunity of helping their students to achieve a more adequate understanding of scientific principles, methods and the place of science in modern life.

There is no doubt that scientists themselves have failed to provide the kind of teaching material that colleges need for the general student. Neither the standard course intended for the future professional scientist nor the discursive and frequently fragmentary "survey" course is appropriate. Courses are needed which help a student think his way through and appreciate such great concepts as the origin and evolution of the universe and of life, the nature and behavior of energy and matter and radiation, the structure of atoms and molecules and the ways in which these and other scientific concepts and laws are discovered, evolved, and tested. These things must be understood as an incomplete but always growing achievement of the human mind -- revealing the glories and limitations of the human being himself. We think they can properly engage 15 to 20 percent of every college student's time.

These are difficult objectives. But they can be and occasionally have been achieved. Here and there liberal arts colleges -- often through the efforts of only one or two or three great teachers -- have become recognized for their ability to make science a living part of a liberal education.

In view of the large numbers of men and women who attend liberal arts colleges, it is not enough that these objectives be achieved only occasionally. To accomplish substantially more, at least three steps are necessary. The few great teachers of science now to be found in liberal arts colleges must be greatly augmented. Teaching and learning materials must be provided that will aid them in performing their difficult tasks. Finally, the liberal arts faculties must insist that in these days the general baccalaureate degree should not be granted with less than two years of science. Even the two-year program must be thoughtfully re-designed as to content and treatment.

To create such courses in the sciences and in mathematics will require the same degree of attention from the professional scholar that we have called for in the revision of secondary school courses. An immense effort must be made, by the men and women best equipped to make it, to determine exactly what should go into such courses, to embody their conclusions in material form, and to create all the learning aids that will make such material useful to the teacher and the student -- the textbooks, the motion pictures, the laboratory manuals and materials, and anything else that can aid in the learning process. The colleges will be short of science teachers and they can no longer scorn such potentially valuable educational aids.

What is needed will require experimentation and innovation. We must be prepared for a certain number of false starts and mistakes. The task is Herculean and cannot be achieved except by professional scientists and engineers working closely with college teachers. Yet the "college" plays such a critical role in American education -- a role which is also unique in this country -- that even very great efforts to enable these institutions to provide ever better science instruction will be enormously profitable to the country. It will enable more citizens to understand science. Moreover, these colleges have turned out many men and women who have gone on to graduate work and to successful careers in science and engineering. If more colleges could attain the distinction which has been attained by some of the best, the quality of our scientific performance would be substantially advanced.

The Scientific Education of the Adult

In a perfect world, adult education would not be merely remedial education. It would be a continuation of an endless process in which a diploma marked a "commencement" and not a conclusion. But this is not the world as it is. Our past curricula have not adequately prepared our college graduates to understand science or even to be interested in it, and too many feel that now they have finished school or college they are excused from learning more.

A democratic citizenry today must understand science in order to have a wide and intelligent democratic participation in many national decisions. Such decisions are being made now. They cannot be postponed for twenty years while we are improving our present educational system so that its products will constitute a significant fraction of the mature voting population. There is, therefore, no escape from the urgency of providing high-grade and plentiful adult education in science now, planned for those who are unprepared even in the fundamentals.

Whatever medium is used, science must, first of all, be made as interesting to the bystander a[redacted] and inspiring to the scientist. Citizens will not submit the[redacted] education in science simply as a response to bugle calls to duty. The excitement and interest of science must somehow be transmitted.

To establish good educational programs of this kind will require a large expenditure of funds plus great imagination and daring. There have, of course, been individually interesting and valuable television and radio programs, including one which many people get up at six-thirty in the morning to see. There have been individually attractive and authoritative articles and good science reporting in a few newspapers. A number of good paperback publications of serious scientific literature can be found in a few urban bookstalls, but both the supply and the demand are inadequate. There are good museums of science in a few metropolitan centers, but not many -- and none as fine or as influential as they could be with stronger support. For a quarter century no one has seriously tried to see what might be done with a mobile museum of science in a caravan of trailers which would visit the thousands of communities that will never be able to afford any kind of museum of science of their own.

In all such efforts the thing to emphasize is the pleasure of participating in the great adventure of science. This is primarily a challenge to the scientists themselves. It is they who must determine what science the citizen most needs to know; it is they who must suppress the notion that "popularizing" is evil or impossible. Until more scientists whose reputations are high as scientists manifest a personal interest in public education in science, the stigma which now is often attached to the popularizer will never be removed -- nor will the doubts of those who put the task aside as hopeless.

The Engineering Colleges

The scientist is one who seeks to extend the boundaries of knowledge in his chosen field. The engineer has the task of combining the knowledge of science with his knowledge and awareness of the needs and limitations of human beings and of a human society to develop and create new "things" for human use. These things may vary from a tiny transistor to a huge dam, a hearing aid to a superhighway, an automobile, an airplane or a space vehicle. While the scientists have uncovered the basic knowledge, it is the engineers who have created the tangible tools, materials and products that have revolutionized our daily lives, our community living and our national defense.

The scientist and the engineer form the team that paces today's technology. In science lie the foundations upon which the engineer builds toward a goal of the utility, comfort and advancement of man. He is concerned with machines, the environment in which they operate, and with the men who work with them and effect their control. In the broad sense the engineer derives from fundamental science the principles, the material properties and the analyses from which he synthesizes the system which is to achieve the objective, produce the result, create the product which is sought. In short, the engineer is the member of the technological team who creatively adapts the findings and methods of science to meet the needs and desires of mankind. He is further distinguished from his colleagues in science in his constant concern to achieve an optimum design to meet the many and frequently conflicting criteria of performance, reliability, efficiency, cost and producibility. The associated synthesis, analysis or design of an element or a system are unique characteristics of engineering.

The profession of engineering has thus become one of the most important in modern society. Our civilization would deteriorate, would become too weak to survive in modern world competition without the work of the hundreds of thousands of trained men (and the too few women) who keep the wheels of industry turning, who create new and useful products, who envisage, design, and build great factories, intricate communication, power, and transportation systems, and vast irrigation, navigation and flood-control projects. The scientist and engineer have created for the first time in history a society potentially free from want -- one more concerned, in fact, with surplus than with scarcity of many material products, as well as a society in which freedom from back-breaking toil has been largely achieved. Finally, in today's great international competition, America's ability or inability to help others in their engineering progress may be crucial.

Clearly, the engineering profession offers unparalleled opportunities to the able young men and women of the country. One would expect the institutions offering engineering education to be swamped with applicants. Surprisingly enough, our engineering colleges as a whole have not been filled to capacity since the "veterans' bulge" of 1946-50. In the very decade when engineering opportunities were reaching new heights, the number of engineering students actually declined from 1947 to 1951, then (with the Korean War) rose until 1957, but then in 1958-59 it sagged again. Apparently there is still a lack of understanding of the place of engineering in the modern "scientific" world.

Our engineering colleges need to attract more young men and women who have those talents required of good engineers, and to give them the rich opportunities for career training which this highly diversified profession offers.

The word "diversified" should be emphasized, for the individuals labeled "engineers" perform a wide variety of tasks. First, there are those determined by subject matter: chemical, electrical, civil, mechanical, aeronautical, mining, structural, metallurgical engineers, and many more. Then there are titles of engineering function: production, design, research, development, construction, supervising, management, and many others. Engineers, too, may have a wide range of educational experience -- from the junior engineers or craftsmen who serve as draftsmen, mechanics and electronic technicians to the engineers who have earned the Ph. D. degree and who carry on advanced analytical research. Again, there are "synthesizing engineers" (there should be many more) who combine technical training with a broad knowledge of public policy and social problems, who think broadly of complete systems which involve machines, men and environment, and who in designing a highway, a waterway, a flood-control project, can foresee and allow for the social readjustments -- the costs as well as the benefits -- of the new enterprise. There are "component engineers" who design better vacuum tubes, or gyroscopes, or transistors, or rocket motors. There are "systems engineers" who evolve new systems -- communication systems, weapon systems, production systems -- involving scores or thousands of "components", plus the interactions with men and environment.

The list is literally endless -- and it lengthens and changes every year.

Some of the finest engineering colleges in the world are to be found in the United States. But this does not mean that these colleges are as excellent as they should be or that there are enough of them to meet our needs. We believe that a major advance in engineering education is called for. Here are a few improvements which should be sought.

The technical institute, while not really an engineering college, has in America been grossly neglected. Such schools, offering one to three years of high-school and post-high-school instruction in technical subjects, can prepare young men and women whose talents and interests are more mechanical or manual than mathematical. Draftsmen, designers, assistants, maintenance and production experts, and technicians of many kinds are essential to industry and to the engineering profession. These occupations deserve greater dignity and prestige -- and the institutes which offer training for them should be enlarged and improved, and should extend their "recruiting" activities in the high schools. Their graduates are urgently needed in greater numbers.

Curricular reform is long overdue in the undergraduate engineering colleges of the country. This can take many avenues:

(1) The old distinctions between mechanical, electrical, civil, and aeronautical engineering (at the undergraduate level) have partially vanished. The basic principles of engineering, of engineering analysis and synthesis, together with the scientific and mathematical subjects basic to engineering, can easily occupy a full four-year program (if the essential humanities and social studies are included) and detailed specialization should be deferred to graduate work or to professional practice, supplemented by "on-the-job" educational programs now sponsored so extensively by industry. Specialization in college should be used only in giving realistic examples of the application of principles.

(2) Such curricular reforms should not be merely a reshuffling of old subjects and credits. Wholly new points of view in "engineering science" and wholly new areas of interest -- e.g., communication theory, nuclear engineering, and magneto-hydrodynamics -- need to be developed.

(3) New vistas need to be opened up in the non-technical subjects which the modern engineer must know. Social science and governmental problems become involved both in public works engineering and in large-scale private engineering, whether at home or abroad. Economics, business law, and principles of industrial management are essential equipment for the engineer in industry. Psychology is a necessary prerequisite to communications in the broadest sense. Though the connection may seem remote, an understanding of philosophy, history, literature or the fine arts adds to the powers of the engineer, both professionally and as an individual. An adequate professional educational program takes account of these necessities.

(4) Curricular reforms cannot be initiated overnight, for even the direction of some reforms needs to be clarified. Hence, there is much need for innovation and experimentation. Attempts at course revision, the combination of old subjects

and evolution of new ones, will require prolonged study by faculty groups. Engineering schools should intensify the exchange of information on experience with new curricula -- as, indeed, they do through associations such as the American Society for Engineering Education and other professional societies.

(5) Curricular reform means not only changes in subject matter, but changes in administration, organization, sequence and timing. Some students can start earlier in engineering subjects, proceed more rapidly, be burdened with fewer routine chores, and go more rapidly into graduate work. The facility for learning mathematical, scientific and engineering subjects varies enormously among individuals, and substantially different learning and teaching techniques may be adapted to the top five percent of the students. Imaginative innovation is called for here, too.

The relation between engineering and science needs added attention. It is as wrong to neglect the scientific foundations of engineering as to suggest that engineering and science are identical. The latter presumption may lead potentially fine physicists to become second-rate engineers or potentially outstanding engineers to become mediocre physicists. Neither field should be the refuge of disappointed castoffs from the other; each requires, at the best, very high and very special talents and interests. A better understanding of these special talents on the part of teachers, students, counsellors, and the general public will help avoid mistakes and disappointments. The professional engineers and engineering educators have a special responsibility to initiate more extended efforts in this direction.

The attraction and retention of topnotch faculty members in engineering colleges is an especially critical problem. Industrial opportunities have great attraction to young engineers who are eager to develop new and useful applications of the fundamental principles they have learned in the college. Yet many of the best young men, and many men with a few years of industrial or field experience, are needed in the engineering colleges too, to bring reality to the classroom. Ways of reducing the salary gap between college and industry, and for equalizing professional opportunity, especially for younger engineers, need to be found.

Graduate study to the Ph. D. in engineering is a growing requirement. While engineers with the normal four or five year baccalaureate degree are needed in greater numbers than ever, there is also a rapidly rising need for men with extended advanced training in scholarship and research. Hence, undergraduate colleges should be on the lookout for potential graduate students in order to help and counsel them in continuing their studies. More engineering colleges need to develop graduate programs -- and -- as is delineated in detail in the next section -- graduate schools in engineering should be multiplied, expanded, and improved all over the country. This may well be the most important development in engineering education in the coming decade, and all engineering educators can contribute to a vigorous growth of graduate work of high quality and to the preparing and guiding of the very best engineering students into it. Even at the undergraduate level, an appreciation of the functions and objectives of engineering research, together with some research experience, can profitably be made available to the able students.

In summary, we can well move toward an enlarged concept of engineering education involving an even deeper interpenetration between engineering and science and the identification of new areas of association between engineering and humanities and social sciences. We need to encourage those engineering institutions which are experimenting with this new degree of articulation, this fusion of physical technology with social technology, this closer interaction of postdoctoral, graduate, and undergraduate studies with the spirit and example of research infusing all of these educational levels. Through such educational means our engineering institutions can accelerate the achievement of a program in engineering education which turns out engineers who can, while achieving exceptional mastery of their specialty, avoid the easy, narrow rut of "excessive expertism" and go on to demonstrate leadership in human affairs -- the capacity to use and shape technology as a powerful instrument for enhancing the quality of our society and for contributing to the solution of the great human problems of our time. Then, too, will our engineering institutions attract their proper share of the fine and ambitious young people who have talents for engineering careers.

The Graduate Schools in Engineering and Science

Students who expect to become professional scientists may spend their undergraduate days profitably in liberal arts colleges, in colleges of arts and sciences of universities, or in institutes of technology. In the end most of them will go on to graduate work. The prospective engineer attends an undergraduate engineering college, but more and more of them also, fortunately, are going on to graduate school.

The great advances in science and technology will, in the future as in the past, stem from exceptionally brilliant and far-reaching discoveries and inventions made by a relatively few people. The discovery and stimulation of such individuals may occur in the elementary and high school years, but the full power of their ability to attack the frontiers of knowledge will come to fruition only in the graduate school or even later. In graduate school the student comes face to face with the borderline between the known and the unknown; there he acquires the final preparation for a career of advanced research in science or engineering.

In the graduate school, too, many minds will be extended to the level where they can do the original work which furnishes the essential foundation and support for the occasional penetrating flash of new discovery. The graduate school also furnishes the teachers, the advanced professional workers in governmental and industrial laboratories, and the scholars, writers and intellectual leaders in every field.

Thus the graduate school at the pinnacle of our educational system plays a decisive role in setting the pace of our entire educational endeavor and in determining the rate at which our civilization advances.

Clearly the best educational system in the world will fail in its function -- will fail even to maintain itself -- if it is not capped by a crown of first-class graduate education.

Improving Graduate Education

In the United States the graduate schools of science and engineering are remarkably young. In 1900 advanced study and research beyond the bachelor's degree was provided on only a minuscule scale at a few very small number of universities. But the past 50 years have seen an extraordinary change. Scientific and engineering research and graduate instruction now have come of age in this country. In each major field of science there are now a number of American institutions offering work of outstanding excellence. But this is not enough.

More than 600 colleges and universities in the country offer graduate degrees of some kind; of these about 280 offer graduate degrees in scientific, medical and engineering subjects. Yet scarcely more than a score can claim real distinction in any one scientific field, let alone more than one. Certain universities excel in physics, others in chemistry or mathematics or biology. Only a few excel in several fields.

These few top-quality departments are major national assets. But they are rapidly becoming overloaded, and the big increase in graduate enrollment is still several years off. There should be, not 10 or 20, but 40 or 50, top-quality departments of physics and chemistry, for example. We need also many more top departments in mathematics and biology and geology. And we have still far to go in the development of high-quality graduate work and university research in most engineering fields.

It is especially important that new graduate schools in engineering be developed, and that they be developed in those institutions which also have excellent departments of science. At the graduate level, engineering education must depend heavily on instruction in advanced mathematics and theoretical physics. Quantum theory, Boolean algebra, number theory, solid-state physics, and nuclear structure and other formerly abstruse subjects now have solid engineering applications. It is not surprising that it is those institutions where science and engineering subjects are closely allied which have been leaders in developing graduate study in engineering.

The improvement of existing graduate departments in all fields of science and engineering is of great importance, but alone will not suffice. New areas have developed which, if they are to be explored, must draw talent and knowledge from several disciplines. Chemical biology and biophysics, geophysics and geochemistry, materials and information theory are examples of areas in which scholars from different disciplines should be encouraged to pursue joint interests. The urgency of such effort must be recognized and flexible patterns of organization -- and, certainly, new supplies of capital -- will be needed. Students should be actively encouraged to pursue interdisciplinary interests.

What do we require to improve a graduate school in science or engineering?

First of all, first-class faculty members are required -- scholars of the first rank who can make truly creative advances and who can inspire their students to similar achievement. Every great and productive graduate department owes its success in attracting and training good students to the leadership of a few inspired scholars.

In seeking new supplies of such scholars, we must recognize that well-trained young men and women no longer find their sole opportunity for service in the universities and colleges. Industrial and governmental laboratories need and attract more and more of them, frequently offering positions which are financially more attractive and laboratory facilities far superior to those available in many universities.

These laboratories are developing the other favorable conditions that a scientist or engineer seeks and that attract the best minds. This is all as it should be, for our nation needs both industrial and governmental research of a high order. The problem for the universities is not one of abolishing the competition but of meeting it.

The crisis is particularly noticeable in engineering. Engineers who have earned doctoral degrees are especially hard to retain in teaching positions. Industry is desperately short of men of the right talents and education and some of the realizations of the dreams of an engineer are possible only at the industrial scale. But the national problem remains one of maintaining equilibrium between industry, government and the universities. If the university programs dry up, a subsequent drought will be felt in governmental and industrial laboratories. For this nation to graduate less than 650 Ph.D.'s per year in engineering, as was the case in 1958, is to imperil it.

Nonetheless the problem cannot be solved by laying down quotas or by trying to slow down the growth or diminish the eminence of industrial and governmental laboratories. Instead, the solution is to create a larger supply of talented people, and to increase the attractiveness of teaching posts in our graduate schools. Most of all we should seek new means to share the limited talents we now have. Although the possibilities may exist in only a few favored localities, it must be realized that we have not begun to scratch the surface of what might be achieved if part of the time of scientists in government and industry could be enlisted in the cause of formal education.

The availability of governmental funds for university research in science in recent years has stimulated great advances in graduate education and research, but we have far to go before such funds are adequate to the task of doubling our number of top-quality graduate schools. When research funds provide only for equipment and not for additional general funds to help increase the professors' salaries, they may fail in their objective of retaining top-quality teachers.

The increasing federal involvement in the support of research is altogether desirable. But it is essential to establish sound fiscal and planning procedures lest governmental support harm rather than help the educational growth it is intended to foster. Research grants, for example, may be so administered that they damage the financial stability of the universities. The trend toward the establishment of special-purpose research institutes need watching. Some problems are best attacked by research institutes, but research institutes are not always the right answer. Where research institutes do appear to be a satisfactory solution, care should be taken to locate them near universities so they help strengthen rather than weaken education.

Finally, graduate education cannot be effective in institutions which impose heavy burdens of routine instruction and administration on the research scholar who should have plenty of time free to work with his graduate students. A single graduate course plus the supervision of research may be more than a full-time load for many a professor. Instruction in creative research is attained only by close association with creative minds. Hence graduate education is and will remain very expensive. And yet every dollar the nation invests in this field will be repaid a hundred -- a thousand -- times over in future national welfare.

A Final Word

In all of these areas of concern it is evident that very large national programs are called for, together with the best efforts of teachers, scholars, parents and citizens. If education is to be qualitatively improved at all levels, a larger share of the national effort and the national income must be devoted to it.

Both financial and moral support of the community is therefore vital. It is true that taxes are often burdensome; it is also true that without education there would be few funds to tax. It is true that schools should adopt every reasonable economy in erecting and using buildings; it is also true that the essential elements in a school are the teacher and the pupil, and a building which makes their work more effective is worth far more than it can cost. It is true that we as a people now spend about 4 percent of our gross national product on education; it is also true that if we wisely spent twice that much to achieve higher quality it would be more than worth the cost. Doubling our current annual investment in education is probably a minimal rather than an extravagant goal.

The time was when the little red schoolhouse sufficed to give the future farmer or laborer a smattering that would get him through life. Today three-fourths of our workers require the intellectual and manual training represented by 12 years in school, and they will also need as citizens the general educational background which a good high school education will provide.

More than 30 percent (1/3) of our young people are receiving at least a year of higher education -- and, for the most part, with immense profit to themselves and to the nation, but only a small, though rising, number continue on to graduate work. These will become the leading scholars, teachers, lawyers, scientists, physicians and engineers of tomorrow. Americans now realize as never before the precious value of these people of high talent. Possibly we do not realize that a broad base of education for nearly all young people is necessary to discover, to stimulate, and to educate the unusually gifted. But a broad base of education is needed, too, to make America a better place in which to live -- and a stronger nation more likely to survive.

CHAPTER IV

NATIONAL GOALS FOR STRENGTHENING SCIENCE AND ENGINEERING EDUCATION

The American educational system--fine as it is in many respects--can be, and as a whole should be, substantially improved.

Our changing civilization will demand in the future an even greater devotion to learning and a greater pride in intellectual achievement. The profound effects of recent advances in science and technology demand that scientific literacy be far more widespread among the American people if we are to solve the problems of this age. We therefore conclude that:

...Americans should attach greater value to intellectual excellence.

...Every school and college should re-examine its curriculum to make sure that in every aspect it is giving adequate challenge to the intellectual capacities of its students.

...We should do far more than we are now doing to enhance the prestige of the teacher and to provide him with more effective support in his efforts to improve the effectiveness of his teaching.

...We should move much further in the direction of adapting our educational programs to the widely varying competence of students, and seek especially to meet the needs of the most gifted students.

...We should improve our scientific education at all levels, attempting to give better understanding of science to the non-scientist as well as to discover and stimulate more individuals who have the talents to become scientists and engineers.

To attain these ends we conclude that four major areas need specific and urgent attention throughout our educational system: (1) the curriculum and the content of courses, (2) the quality and effectiveness of teachers, (3) the recognition and encouragement of students, and (4) the development of intellectual leadership.

The Educational Curriculum and Course Content

Curriculum

Conclusions: The quality and content of the curriculum is central in education. At every level in the school, college, and graduate school the curricular offerings must provide the basic educational materials required of all students, plus the broad selection of opportunities appropriate to the student body involved. For those at higher levels in the educational system, it becomes increasingly important that the course offerings give recognition to the range of abilities of individual students, and of equal importance that each student be guided to the offerings best suited to his own innate talents.

Especially in rapidly changing fields, such as science and technology, curricular changes must occur decade by decade, even year by year. At the secondary school level there are problems of balance between vocational and academic courses, and at the college and university level the problem of balance between the sciences, the humanities, and the social sciences.

Recommendations: We urge the scientists and scholars of the country to establish more intimate contact with experienced teachers at all levels, so the curricula and the teaching and learning aids in schools, colleges and universities may take account of the new facts and the new points of view that scientific progress has revealed.

We further recommend that a research program be established by an appropriate foundation or agency in which scientists, scholars and teachers cooperate to design more adequate curricula planned to give to all educated citizens an adequate introduction to those areas of science and technology essential to an understanding of the problems of a modern society.

Course Content

Conclusions: The content of courses in mathematical and scientific fields at both the secondary and undergraduate college level does not adequately recognize scholarly advances in these fields.

Recommendations: We recommend that present efforts be aggressively pursued and substantially expanded in bringing together leading scientists, scholars and teachers in these various subject-matter fields to seek:

1. To bring the course content in each subject at each level into line with the most modern scholarly research in its field, consonant with the level of instruction.

2. To outline, write, publish, and revise the necessary textbooks and auxiliary reading materials to achieve the above objectives. We believe, in particular, that far more imagination and innovation is appropriate in the preparation, printing, illustrating and publication of textbooks--on the one hand, to produce much less expensive books in the basic fields so that a much larger number of students will be able to build their own libraries; and, on the other hand, to insure that all the resources of the modern publication art are brought to bear in the preparation of textbooks which are challenging, stimulating, and exciting.

3. To develop and supply adequate teaching and learning aids of all appropriate kinds, including motion pictures, television, tape recordings, slides, and other audio-visual materials designed to aid the student in understanding the subject more thoroughly, and especially to relieve the teacher of unnecessary burdens of preparation and instruction, and to enable the outstanding teacher to reach a much larger number of students.

4. To develop and supply laboratory equipment and materials for science courses together with the necessary manuals and reading materials to make the laboratory and field work a far more meaningful, useful and exciting aid to student and teacher.

The programs now being sponsored by the Carnegie Corporation, the Ford Foundation, the Alfred P. Sloan Foundation, and the National Science Foundation provide excellent preliminary efforts. They need very rapid and substantial expansion to cover other fields and other educational levels. The National Defense Education Act of 1958 recognized this need.

The Quality and Effectiveness of Teachers

Conclusions: Whatever the nature of the curriculum, the quality of education depends upon the knowledge and effectiveness of the men and women who teach. Their competence in their subjects, their ability to share their knowledge, the spirit in which they undertake the task, and their morale, all play a part in determining how well teaching is done.

The competence of the teacher in subject-matter fields is of great importance at every point on the educational scale. In the graduate school every teacher must also be a scholar. In the undergraduate college a thoroughgoing comprehension of the field is essential. In high school the teaching is far more effective when the teacher has a thorough comprehension of the subject matter and an understanding of its recent developments. It is thus important at all levels to aid the teacher in keeping abreast of his subject and to reward high competence and success. Keeping abreast in science and mathematics requires unusual effort and may demand unusual assistance.

The work load the teacher faces, the research and study facilities available to him, the students and colleagues with whom he associates, the prestige accorded his position, and the congeniality of the community in which he lives, as well as the salary he is paid, each affect the attractiveness of the teaching profession. In varying degrees each young person will consider these elements as he considers whether to enter the teaching profession. To increase its supply of teachers any community needs to enhance the attractiveness of each of these elements. It cannot rely solely on raising salaries, any more than it can rely solely on the simple love of teaching.

There is no longer any doubt that the rising number of students in America is surely outrunning the supply of new teachers. Indeed, it has already dangerously outrun them. Various reports have shown that the number of students per teacher is certain to show a continually rising trend, and that this will continue for a long time in the future. We conclude, therefore, that we must not only attempt to attract more young men and women to the profession of teaching, but we must find ways to increase very substantially the effectiveness of every teacher we will have. We can and we should increase the time the teacher has available for his instructional duties. We should help him to handle more effectively and more efficiently the rising number of students he is bound to face. We must, therefore, learn to use effectively every possible teaching aid, including television, motion pictures, improved textbooks and classroom equipment.

There are many competent teachers in the nation; there are a few superlative ones. The effectiveness of the latter could be multiplied enormously by applying modern techniques of communication.

Recommendations: We recommend that:

1. Scientists and engineers in universities and industries seek to establish organized programs of collaboration with high school and college teachers in order to reduce the gap in communication and understanding between these groups, rendering assistance and providing teaching material to teachers and their students, and bringing high school and college students and teachers into more direct contact with scientific and scholarly work in universities and industry.

2. Efforts be continued and accelerated toward improving the economic and social status of teachers at all levels, and enabling them to devote more of their working time to teaching tasks rather than administrative chores, and allowing them more time for preparation and study in their chosen fields.

3. Private and government agencies evolve state and national programs for providing substantial rewards, prizes, and other recognition to outstanding teachers in both elementary and secondary schools.

4. A research program be sponsored by an appropriate foundation or agency and organized on a national scale to bring together a key group of scientists and scholars to collaborate with teachers and educators on the problem of designing more adequate curricula for the education of high school and college teachers, especially in the sciences and mathematics, with the aims of reducing the alleged conflict between subject matter and methodology, making teacher training programs more attractive to the best students, and bringing about a better understanding between scholars, scientists, teachers, educators and the public in regard to the philosophy, goals, and methods of the educational system.

5. With the assistance and encouragement of our universities, the nation's best scholars join the nation's great teachers in the task of determining how the great teacher may be brought before an even larger number of students.

The Recognition and Encouragement of Students

Recommendations: That we accept as a national goal lifting student performance to higher levels of excellence by greater motivation and by the provision of rewards for intellectual achievement and more adequate and extensive opportunities and challenges to the highly gifted student. To these ends we specifically recommend that:

1. A nation-wide effort be made to pay more attention to the academically talented students (that is, those in the upper 15 to 20 per cent of their age group in intellectual ability) and to the unusually gifted students (that is, those in the upper 3 per cent of the age group). Such an effort should involve citizens, schoolboards, parents, teachers, together with state and national agencies, public and private. Talented students should be recognized at an early age and given guidance and counsel in planning their educational programs and in preparing for and choosing college and university work.

2. These gifted students be given necessary help in financing their educational programs in high school as well as in college and in graduate school.

3. Such students be rewarded and encouraged for their achievement in order that they may take pride in intellectual excellence, even at an early age.

4. Programs of prizes and scholarships be extended into the high school level so that students even in remote and rural communities are enabled to attend high schools which will provide opportunities commensurate with their abilities.

5. Public and private agencies combine to offer on a national basis a much larger number of prizes than now exist to high school students for unusual intellectual achievement in important subject-matter fields.

The Development of Intellectual Leadership

Conclusions: The intellectual, cultural and material advances of any society depend upon the quality of its leadership--upon its scholars, teachers, lawyers, industrial leaders, scientists, engineers, doctors, and other professional people. These individuals are stimulated and educated in the colleges, universities and graduate schools of the country. To stimulate and educate the intellectual leaders of the future, we maintain a wide variety of colleges and universities located in every region of the United States. These insitutions are continually seeking to improve the quality of the intellectual experience which they offer to qualified students in all fields. All, however, need much more help and support in these efforts.

We are specifically concerned about the slow progress which many of these institutions seem to make in their dual task of (a) providing to all their students an adequate introduction to science and technology and the part they play in modern society, and (b) providing adequate educational programs to those with the talent for and interest in achieving professional careers in science, engineering, and technology.

The separate liberal arts college and the college of arts and sciences of our great universities constitute basic training grounds for most of the leaders of tomorrow. We believe there are overwhelming reasons why such citizens should acquire a reasonable introduction to the principles of science and technology on which the modern industrial society is based. We conclude that scientists and scholars should give greater attention to assisting the undergraduate colleges in providing adequate programs in these fields.

The scientists and engineers of tomorrow will come from such colleges, as well as from more specialized institutions. We believe that the rise of the modern technological society has created conditions which will almost certainly cause a permanent shortage of those highly competent in these fields.

Recommendations: Specifically we recommend that:

1. The curricular revision program now being developed for high school science courses be extended to undergraduate college courses in science and mathematics.

2. Aid be rendered to liberal arts colleges in examining their curricula to assure that they are adequately providing for scientific education of the non-scientist as well as of the future scientist or engineer.

3. We accept as a national goal improving the number and quality of our schools of science and engineering.

4. University graduate schools in science and engineering be enlarged in number and improved in quality, and especially that far greater emphasis be placed upon graduate work in engineering.

5. The engineering colleges of the country collaborate to improve and modernize their offerings in all engineering fields to insure that able students are attracted to these fields and that they are given adequate training to meet the engineering and technological problems of tomorrow.

6. Government agencies concerned with research in science and engineering re-examine the terms of their research support to educational institutions with a view to avoiding placing a financial burden or penalty on such institutions by reason of inadequate coverage in research contracts or grants of costs properly chargeable as overhead and for management allowances. Without serving as a subsidy in any way, proper handling of these fiscal matters can make certain that the research support will not affect adversely the opportunity to use the research effectively for the education of students, for the attraction and retention of able faculty members, and for the release of teachers and students from burdensome administrative and fiscal restrictions.

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Dr. Dael Wolfle, Executive Officer, American Association for the Advancement of Science
Dr. Jerrold R. Zacharias, Professor of Physics, Massachusetts Institute of Technology
Dr. Lee A. DuBridge, President, California Institute of Technology (Chairman)

Consultants to the Panel

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Dr. S. C. Hollister, Dean, College of Engineering, Cornell University
Dr. Frederick L. Hovde, President, Purdue University
Mr. Stephen White, Director of the Film Division, Educational Services Incorporated

Mr. Robert M. Briber, Technical Assistant to the Panel

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Dr. Jerome B. Wiesner, Director, Research Laboratory of Electronics, Massachusetts Institute of Technology
Dr. James R. Killian, Jr., Special Assistant to the President for Science and Technology (Chairman)

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May 20, 1959

The White House
Washington

THE CABINET

Agenda

9:00 A.M., Friday, May 22, 1959

1.	Federal Emergency Plan D-Minus	CP - 59-95 CI - 59-60	The Director, Office of Civil and Defense Mobilization
2.	Final Review of the Moscow Exhibition	CI - 59-58	The Director, U.S. Information Agency The General Manager, The U.S. National Exhibition
3.	The Panama Canal -- Problems and Alternatives	(Oral)	The Chairman, Board of Directors of the Panama Canal Company
4.	Problems of Federal Office Space	(Oral)	The Administrator, General Services Administration

Robert Gray
Secretary to the Cabinet

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For Action

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MINUTES OF CABINET MEETING

May 22, 1959

9:05 a.m. -- 10:30 a.m.

The following were present:

President Eisenhower

Vice President Nixon

Under Sec. Dillon
  for Sec. Herter
Sec. Anderson
Actg. Sec. Thomas S. Gates
  for Sec. McElroy
AG Rogers
Dep. PMG Edson O. Sessions
  for PMG Summerfield
Sec. Seaton
Under Sec. True D. Morse
  for Sec. Benson
Under Sec. James P. O'Connell
  for Sec. Mitchell
Under Sec. Frederick Mueller
  for Sec. Strauss
Sec. Flemming

Amb. Lodge
Gov. Hoegh
Asst. Dir. Elmer Staats, BoB
  for Mr. Stans
Dr. Saulnier, CEA

Gen. E. R. Quesada, FAA
Mr. Gordon Gray
Mr. McCone, AEC
Asst. Sec. George H. Roderick
Mr. George V. Allen, USIA
  Mr. Abbott Washburn
  Mr. Chad McClellan
Mr. Franklin Floete, GSA
  Mr. Edward K. Mills, Jr.
Mr. Norman Mason, HHFA
Dr. Glennan, NASA
Mr. Merrill Whitman, Canal Zone Government

Gen. Persons - in part
Gen. Goodpaster
Mr. Hagerty - in part
Maj Eisenhower
Mr. McPhee - in part
Mr. Kendall
Mr. Robert Gray
Capt Aurand - in part
Mrs. Wheaton
Mr. Morgan - in part
Mr. Merriam
Mr. Randall
Dr. Paarlberg
Mr. Harr
Mr. Siciliano
Mr. Patterson
Mr. Minnich

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Cabinet Meeting, May 22, 1959 - page 2

Emergency Plan - D-Minus

PORTIONS EXEMPTED
E.O. 11652, Sec. 5 (B) (3)
Federal Preparedness Agency ltr, 1/17/77
NLE Date 3/16/77

Moscow Fair - The President informed Mr. Allen that he had learned from Clarence Francis of the arrangements for having outstanding students serve as guides at the Moscow Fair. The President had expressed his desire to meet this group in Washington before they left for Russia, and he wanted an effort made to see if

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the Air Force might provide transportation to and from Washington.

Mr. Allen announced that Director McClellan would transfer his base of operations on Sunday to Moscow. He reviewed a number of the difficult, minute questions involved in selecting paintings, books, etc., so as to provide an acceptable and adequate representation of American life and at the same time avoid such things as DR. ZHIVAGO, which would be sure to cause ill will rather than good will. The difficult (in Moscow) subject of religion was treated as a continuing theme running all through the American exhibits, and copies of the Bible printed in many languages, including Yiddish and Hebrew, will be included. He noted also that USIA has a great number of copies of "America Illustrated" which Moscow would not allow to be distributed because of the relatively low sales in the United States of the Russian magazine. Since the agreement emphatically prohibits free distribution of this magazine, the copies cannot be handed out at the Fair, but it may be useful to Americans who will go to visit it.

Mr. McClellan first noted the enthusiasm in Moscow in anticipation of the Vice President's visit, he stated that the show has been put together, that the exhibits are all packaged for shipment, and that the buildings are nearly completed. Everything is running on schedule as of now but he could not discount the possibility of many crises developing between now and opening day. He cited a few of the difficulties encountered in working out details with the Russians, as regards liability insurance, Coca Cola, etc. !

Mr. McClellan paid tribute to the enthusiasm and effectiveness which various American groups had rallied to the support of the Fair, as in providing funds for a cultural arts pavilion, fashion show, etc.

Amb. Lodge ascertained that the price of goods would be made known to the Russian visitors at the Fair in terms of the number of manhours required to purchase them.

In response to a question, Mr. McClellan noted that the guide books had been financed by a number of American corporations and that for this reason the name of the corporation appeared on the back of a proper proportion of the guide books.

The President wondered if it might not be desirable in connection with any future exhibit to include on the arts selection committee one or two people representative of ordinary "visitors" instead of depending upon museum directors and experts in the arts. Mr. Allen noted that the Advisory Committees of State Department and USIA had been consulted and thus helped to serve this purpose.

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Panama Canal - Mr. Roderick first noted that since 1951 the Canal had been a self-supporting operation and has made payments to the United States Treasury in recompense for past funding.

Mr. Roderick outlined the anticipated great increase of traffic through the Canal and the ensuing requirements for modernization and expansion of facilities. He stated that this can be accomplished out of current earnings up until about 1975 but for the period beyond that consideration would need to be given to the possibility of constructing a third set of locks which would handle the largest existing ships, or the possibility of a sea level canal, at a cost of $700 million - $1 billion, and with the possibility of utilizing nuclear energy for cutting the canal. He noted that the Merchant Marine and Fisheries Committee of the House has appointed a good study group headed by General Leslie Groves to go into this. Mr. McCone cautioned that the nuclear aspect would need much more study before it would be anything other than an academic question.

Regarding the sea level canal concept, Mr. Gates pointed out that any canal would be vulnerable to attack with or without locks. Mr. Roderick said that he would want to rely on a military decision as to that question, but that a sea level canal could be reopened much faster than one where the locks had been destroyed.

The President ascertained that the immediate question at issue was one of authorizing a $28 million modernization program and further planning towards the 1975 requirements. The President thought this much certainly to be in order. He believed also that eventually it would be necessary to dig a new canal because the trend is more and more towards huge ships which cannot be accommodated in the existing locks.

Federal Office Space - Mr. Floete went over the high spots of the major problem that has existed since World War II as regards housing government agencies, particularly in the Washington area. About one-third of the space managed by GSA is obsolete or inadequate, and one-third of Federal personnel are in what is considered substandard space.

He set forth three objectives of building by the government rather than leasing: (1) to replace temporary buildings and obsolete ones; (2) to achieve the consolidation of agencies; (3) to keep the proper balance between owned and leased space.

Mr. Floete noted the savings to be made by having modern buildings, as witnessed by the cost of operating the Executive Office Building -- roughly four times as great per person as for operating the new GAO Building.

~~CONFIDENTIAL~~

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By BHe NLE, Date 3-17-77

~~CONFIDENTIAL~~

Cabinet Meeting, May 22, 1959 - page 5

Mr. Floete pointed out the three stage plan for solving the problems in the District of Columbia, noting particularly that construction would be started on Building #7 (across Pennsylvania Avenue from the Executive Office Building) in the summer of 1960 if the project is funded.

The President asked about the status of a new White House Office building. Mr. Floete replied that it is temporarily in abeyance since #7 would have to be constructed first in any event, hence it would be three or four years at least before anything could be done about demolishing the Executive Office Building -- if that is to be done.

Mr. Floete hoped that Department and Agency heads would appreciate the magnitude of the problem and would limit their requests for improved or additional space to absolute minimums.

LAM

L. A. Minnich, Jr.

Copies to:
Mrs. Whitman (2)
Mr. Gray
Mr. Minnich

~~CONFIDENTIAL~~

~~SECRET~~

CABINET PAPER—PRIVILEGED RA - 59-133

Property of the White House—For Authorized Persons Only June 1, 1959

The White House
Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet meeting of Friday, May 22, 1959:

By letter of 8/5/75, Daniel J. Cronin, Assistant Director for Conflict Preparedness of the General Services Administration, to Daniel J. Reed, Assistant Archivist for Presidential Libraries:

> Item 1 of RA-59-133 should not be declassified. Continuing protection is essential to national security. Date for declassification cannot be predetermined. Citation: section 5 (B) (3), Executive Order 11652.

2. Final Review of the Moscow Exhibition CI - 59-58

Information item only.

DECLASSIFIED AEC Ltr 4/5/75
Authority GSA Ltr 8/5/75
By NLE DATE 3/22/76

CABINET PAPER

For Action

~~SECRET~~

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CABINET PAPER—PRIVILEGED

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3. The Panama Canal -- Problems and Alternatives

ACTION: a) The President gave general approval to the Company's short-range plans for improving the present Canal during FY 1960-2.

b) With respect to long-range plans, and taking into consideration the President's thought with respect to an additional canal, the Board of Directors of the Panama Canal Company, working with the Atomic Energy Commission and consulting as appropriate with the Department of State, will prepare and within a year will present to the Cabinet and the President recommendations as to the choice among the five alternatives set forth.

c) There are to be no public references at this time to the methods suggested with respect to the two alternative canals.

4. Problems of Federal Office Space

ACTION: a) In the belief that the departments and agencies should work toward reducing their present space and personnel requirements, the President indicated his approval of the suggestions made by the Administrator of General Services with respect to demands for increased space, i. e.

i) Under existing conditions, agency heads requiring additional space should accept the space offered by GSA which reasonably meets their requirements, even though it may have certain disadvantages.

ii) Agency heads should keep their applications for additional or improved space to an absolute minimum.

b) For the short range, and assuming the above suggestions are met to the extent possible, GSA may lease additional space.

c) Subject to the availability of funds, GSA is to continue with its plans for Stage 1 (near-future construction), Stage 2 (near-future design) and Stage 3 (future design), adding the White House Office Building to Stage 2.

Robert Gray
Secretary to the Cabinet

Approved by the President
June 1, 1959

CABINET PAPER

For Action

~~SECRET~~

THE WHITE HOUSE
WASHINGTON

May 18, 1959

WBP

MEMORANDUM

SUBJECT: Cabinet Agenda for next Friday

The following items are scheduled for the Cabinet meeting of May 22:

1. Federal Emergency Plan D-Minus (Director Hoegh)

After a year of staff-level work and inter-agency consultation through the Civil and Defense Mobilization Board, Governor Hoegh has prepared Plan D-Minus for Cabinet-level concurrence and Presidential approval.

36

This plan is the basic document which sets the framework of Federal Government actions in case of a sudden, all-out attack on the U.S.

Plan D-Minus sets forth certain Planning Assumptions in terms of what will happen in the various fields of U.S. resources; it then proposes Major Federal Policies to be followed. It is these policies to which the Cabinet is to give principal attention. The plan also lists the Presidential actions to be taken, and subsequently the actions to be taken by the Director of OCDM.

The Director will use charts to accompany his presentation of this document.

2. Federal Office Space (Administrator Floete)

Mr. Floete is faced with a deluge of departmental and agency requests for more office space. Some of these demands have grown out of the creation of new agencies (NASA, FAA), some from program expansion in existing agencies, and some from the demolition of the temporary buildings in Washington. 20

The requests have become so acute that Mr. Floete feels the matter important enough to bring to the Cabinet's attention and to receive the guidance of the top level of the Administration.

He will make a short presentation with the help of visual materials.

3. Final Review of the Moscow Fair (George Allen and Commissioner McClellan)

On January 23, the President and the Cabinet heard a briefing on plans for the U.S. Fair which will open this summer in Sokolniki Park in Moscow. This was held in order to make sure that the Cabinet's and the President's ideas are incorporated into plans for the Fair and to minimize the likelihood of post-opening "complaints" such as occurred at Brussels. 10

Commissioner McClellan is about to depart for Moscow to take over the preparations from the scene. Before he goes, he and Mr. Allen felt it would be advisable to present to the President a final preview of the Fair and an estimate of its effect and of the degree of Soviet cooperation expected.

4. Problems of the Panama Canal (Honorable George Roderick in his capacity of Chairman of the Board of Directors of the Panama Canal Company)

20 There will shortly be issued from the House Merchant Marine and Fisheries Committee a report about the Panama Canal -- its traffic problems, the improvements which are being made there, and the desirability of a second canal which might be constructed, possibly with the aid of nuclear explosives.

Chairman Roderick has asked to make a status report to the President and the Cabinet so that these new ideas and developments will not catch the Administration unawares. Although the report will be highly informative, no specific recommendations for action will be presented.

Robert Gray
Secretary to the Cabinet

May 22, 1959
(Minutes of Cabinet
Meeting)

- filed in folder titled:
Cabinet Meeting of
May 15, 1959 (2)

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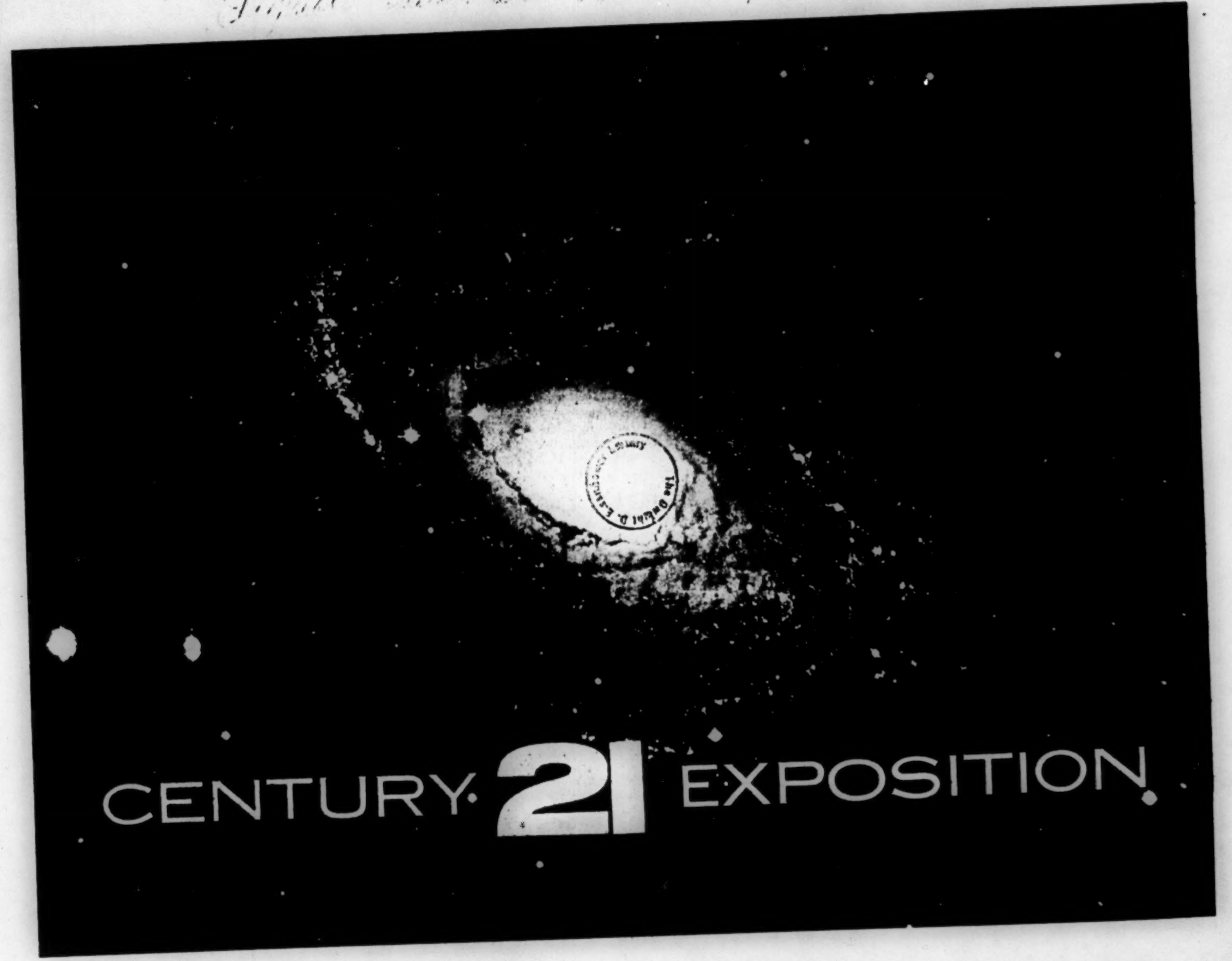

CENTURY 21 EXPOSITION

THE PRESIDENT HAS DESIGNATED THE DEPARTMENT OF COMMERCE TO IMPLEMENT THE PROVISIONS OF P.L. 85-880 BY DETERMINING THE EXTENT OF UNITED STATES' PARTICIPATION IN CENTURY 21 EXPOSITION

CENTURY 21 EXPOSITION

INTRODUCTION

On May 10, 1961, in Seattle, Washington, the Century 21 Exposition will open its doors and thus become the first international exposition to be held in the United States since 1939.

The United States Government has been invited to participate in this great Exposition by depicting the role of Science in modern civilization.

While there are other areas in the Exposition where the cultures of the World and where Commerce and Industry, both foreign and domestic, will display, it would seem wise to accept this invitation, per se, for the United States now faces more than ever important responsibilities for the future of this Nation and the peoples of the World in the field of Science.

If the objectives of the Federal Government at the Exposition are attained, much will have been accomplished by October, 1962 when the Exposition closes. The principle objectives of the Federal Government are threefold:

1. To show to the people of America and the World the benefits mankind may derive, most profitably, from the recent rapid advances in the field of Science.

2. To show how these accelerated advances intensify the responsibility of Nations and individuals to live together under law and order.

3. Through the medium of a great dramatic, highly authentic, scientific exposition, to enthuse the youth of this Country with the thrill and excitement of a career in Science.

The Congress through P. L. 85-880 has provided the mechanism to determine how to accomplish these objectives. The President designated the Department of Commerce, with the advice and counsel of the Department of State and the National Science Foundation, to prepare a plan for Federal participation for presentation to the Congress.

A REPORT

prepared by

THE DEPARTMENT OF COMMERCE

in cooperation with

OTHER FEDERAL AGENCIES

CENTURY 21 EXPOSITION

NATIONAL SCIENCE PLANNING BOARD

A REPORT

This, then, becomes a report, prepared by the Department of Commerce in cooperation with other Federal Departments and Agencies, Century 21 Exposition, Inc., and the National Science Planning Board.

Century 21 Exposition enlisted the services of the:

NATIONAL SCIENCE FOUNDATION

NATIONAL ACADEMY OF SCIENCES

AMERICAN ASSOCIATION FOR THE ADVANCEMENT OF SCIENCE

to select from the ranking scientists of the country a

NATIONAL SCIENCE PLANNING BOARD

This board of twenty members is helping to determine the context of the Science Center exhibit

THE NATIONAL SCIENCE PLANNING BOARD*

If the Federal Government is to mount an exhibition the theme of which is Science, it must be made certain that all exhibits are valid and authentic. To guarantee this the Department of Commerce has worked in close cooperation with the National Science Foundation, the National Academy of Sciences, and the American Association for the Advancement of Science to select from the ranking scientists of the Country a National Science Planning Board.

The twenty members of this Board are numbered among the leading scientists of the United States. Chairmanned by Dr. Froelich Rainey of the University of Pennsylvania, each member of the Board has been active in submitting his recommendations.

Those who have produced this program are particularly indebted to Dr. Detlev Bronk and Dr. Paul Weiss, who play a dual rôle as members of the National Science Planning Board and the President's Science Advisory Committee. These gentlemen were requested by Dr. James R. Killian, Jr., the President's Science Advisor, to check and authenticate the progress in consolidating the submissions received from the various Federal Departments and Agencies.

Therefore, it appears certain that the Federal Plan for Century 21 Exposition will be a presentation of Science that lies within the framework provided by the National Science Planning Board and which will be sound and valid in every respect.

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*A roster of the complete Board appears on pages 38 and 39 of this report.

CITY AND STATE ACCOMPLISHMENTS

NOVEMBER 1956	CITY OF SEATTLE VOTES	$7,500,000
MARCH 1957	STATE OF WASHINGTON VOTES	$7,500,000
JULY 1958	74 ACRE SITE ACQUIRED. ALL UTILITIES INSTALLED. INCLUDED ON SITE: ARMORY STADIUM CIVIC CENTER	

CITY AND STATE ACCOMPLISHMENTS

Since the Federal Government does not sponsor any International Expositions, all Government action must be based on the ground work done by the local community. The City of Seattle and the State of Washington have laid a firm foundation to insure the success of Century 21 Exposition.

Therefore, the City and State accomplishments to date are of the utmost significance.

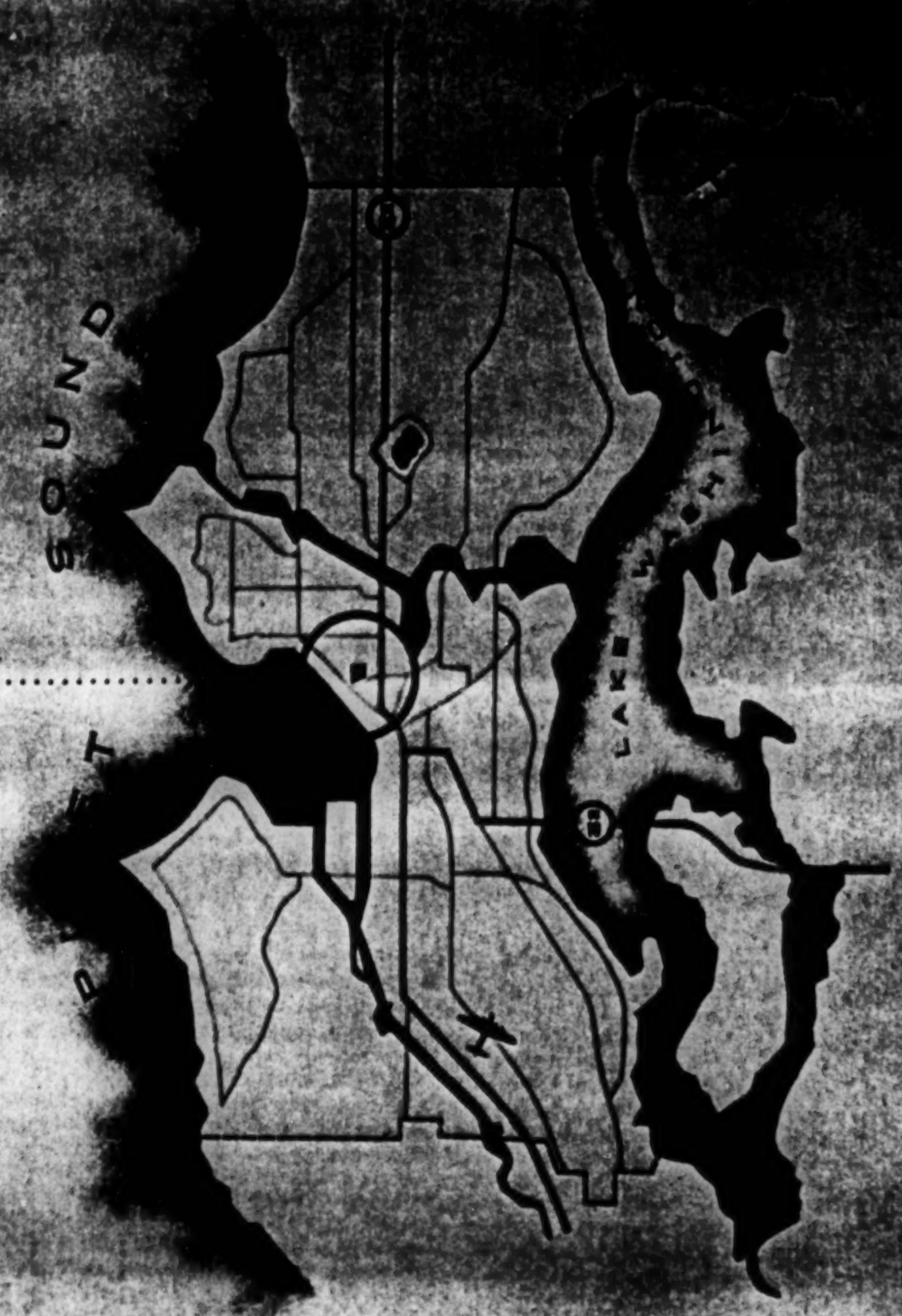
In November of 1956, the City of Seattle voted a $7,500,000 bond issue. In March of 1957, the State of Washington matched this with an additional seven and one half million.

In July of 1958, a 74-acre site was acquired which included all utilities. Existing on the site is an Armory, a Stadium, and a Civic Center. These buildings will be converted to become Exposition structures at community expense.

These concrete results of local action provide a refreshing incentive to Federal participation.

the CITY and the SITE

a centrally located site within one mile of the heart of the city

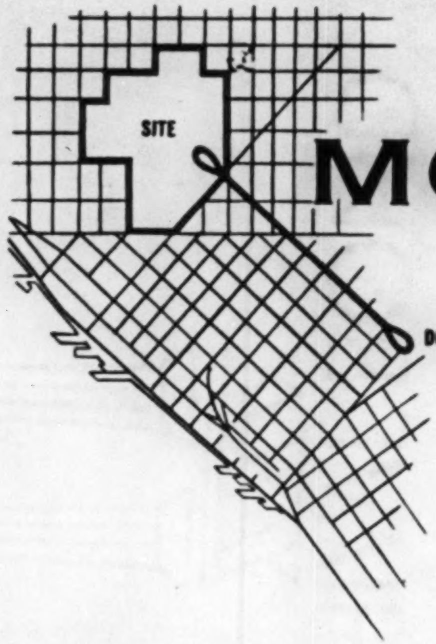

SOUND
LAKE
WASHIN

THE CITY AND THE SITE

Century 21 Exposition will take place on a centrally-located site within one mile of the heart of the City.

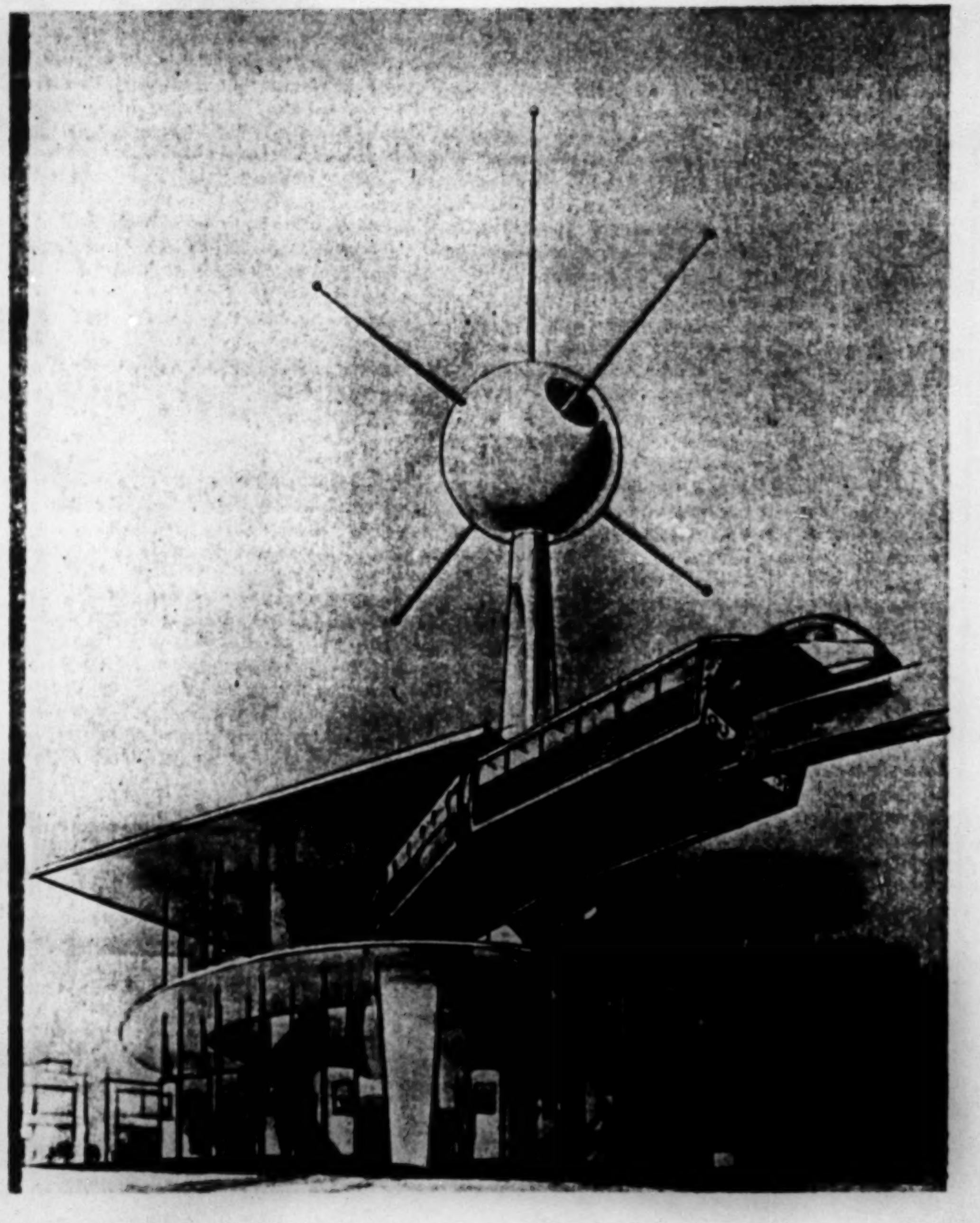
The major north-south arterial route is three blocks to the east of the Exposition grounds with excellent east-west feeders right into it. Rarely has a site been selected for a major Exposition with such easy access.

MONORAIL


SITE
DOWNTOWN BUSINESS DISTRICT

proposed monorail will speed fair visitors from heart of city to exposition in ninety-three seconds

LOCKHEED AIRCRAFT AND SEATTLE TRANSIT ARE DEVELOPING THIS PROJECT



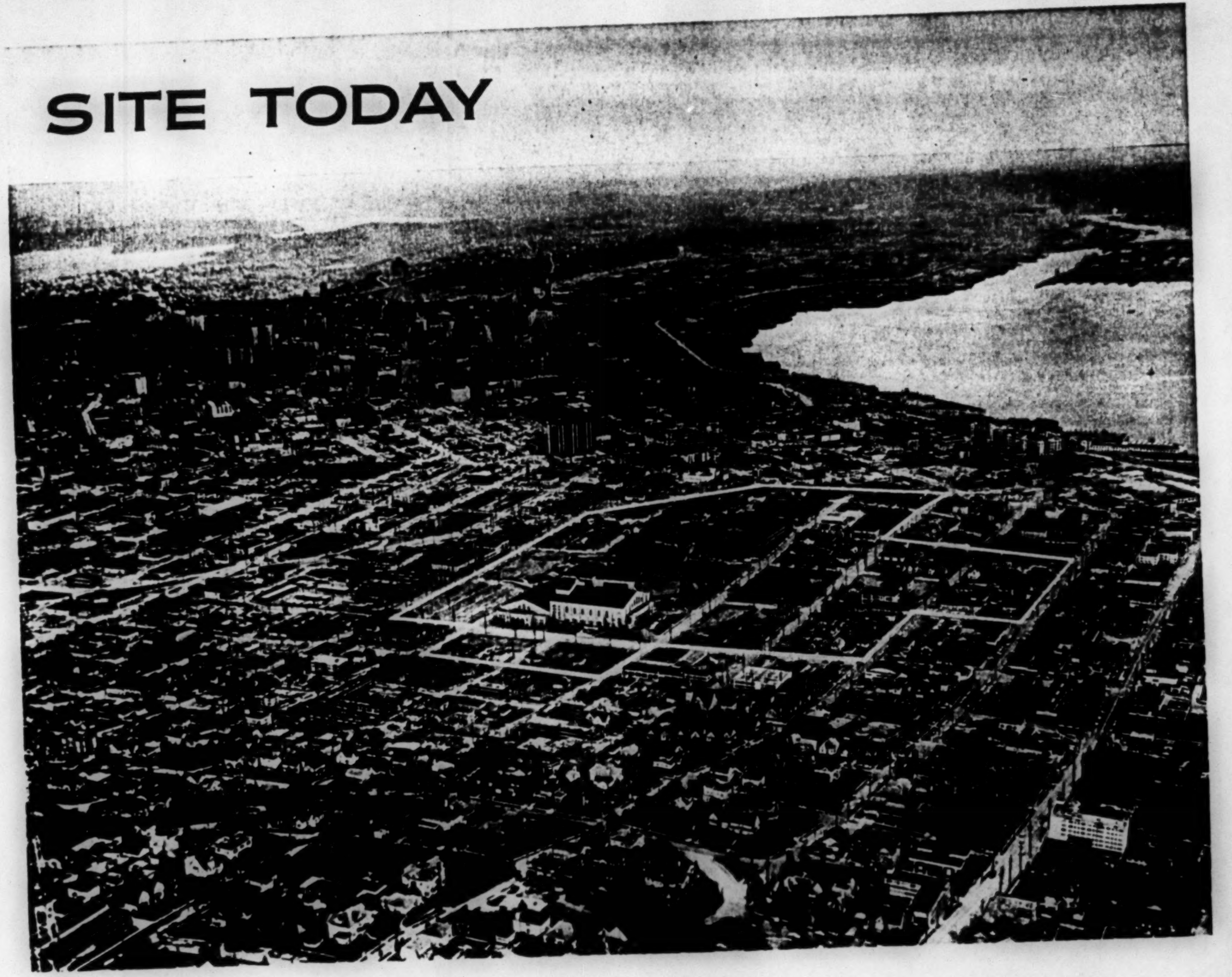
MONORAIL

Above is an artist's conception of the Monorail that will speed fairgoers from the heart of the city to the Exposition site in ninety-three seconds.

Lockheed Aircraft and the Seattle Transit are developing contractual arrangements so that the Monorail will be operating by January 1st, 1961.

When completed it will be the first Monorail of its kind in the Country designed strictly to solve a mass transportation problem. It has the effect of placing the main entrance to the Exposition grounds in the heart of the City.

SITE TODAY

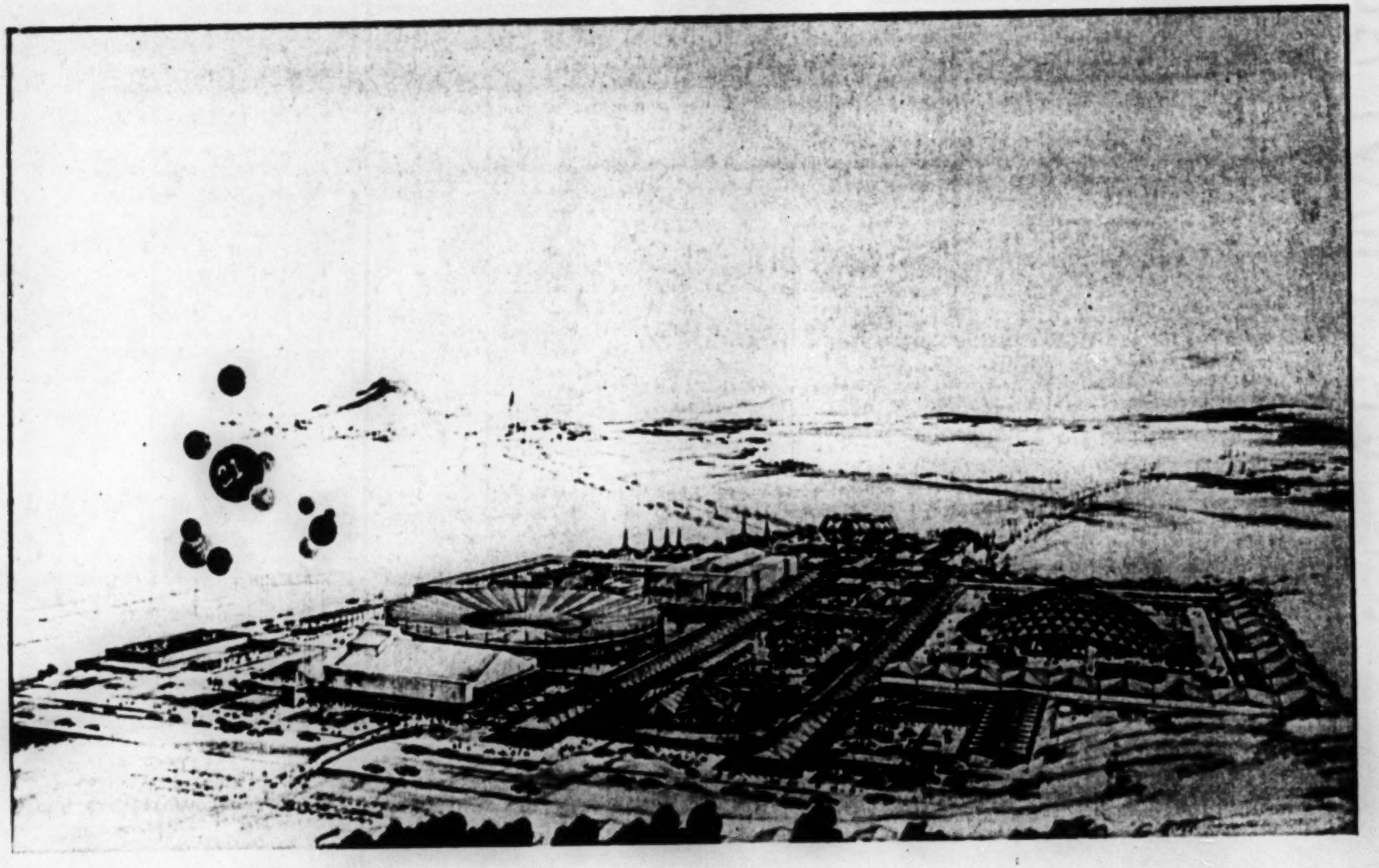


THE SITE TODAY

This is an aerial photograph of the site as it appears today, looking South. The water on the right is Puget Sound leading to the great ocean and its Pacific Rim Nations. The proximity of the downtown area is clearly demonstrated.

The Armory, the Stadium, and the Civic Center can be seen in the foreground. The dwellings within the designated area are substandard and are being demolished to make way for the Exposition.

SITE ON OPENING DAY



THE SITE ON OPENING DAY

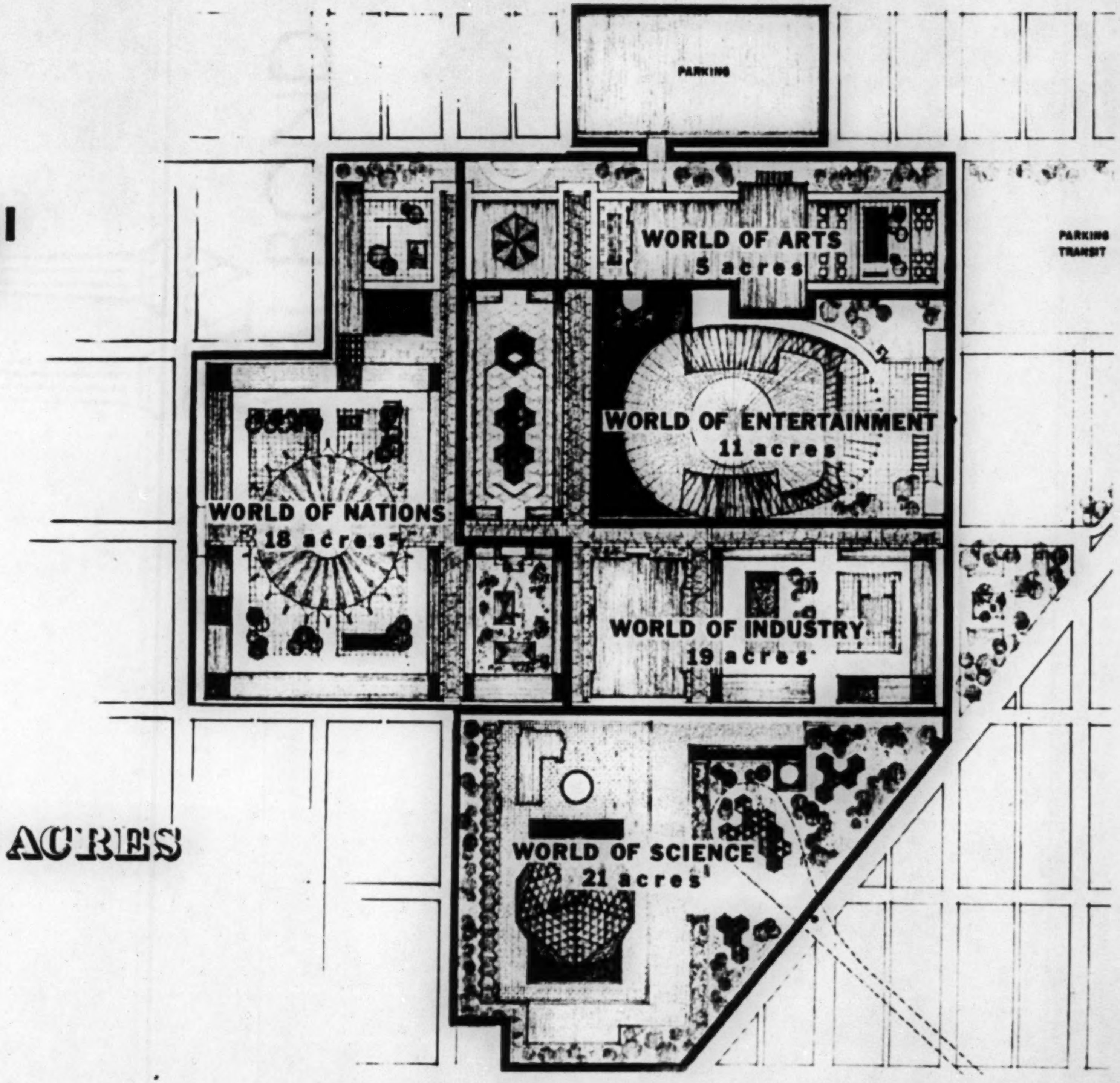
Here is an artist's conception of the way the site will look on opening day. The Armory has become one of the exhibit buildings, with 1-1/2 acres of exhibit space. It has been redecorated and landscaped at local expense and will house part of the Commerce and Industry exhibits.

Though not as yet finalized, consideration is being given to covering the Stadium in the event the Exposition remains open during the winter months.

The old Civic Auditorium has had its face lifted. Either its interior will be remodeled to become a modern Concert Hall seating 3,000 people, or a new, though smaller Concert Hall will be built across the way. In either event the City of Seattle will provide funds.

In the area on the right will be constructed the Century 21 Pavilion with 160,000 square feet of floor space at a cost of $3,800,000. Ground will be broken as of November 1, 1959 and the cost will be borne by the State of Washington. Looking closely one can observe the Monorail proceeding from downtown Seattle to the Exposition grounds. The building in the far background of the site is the heart of the show—the proposed Science Center to be erected by Federal funds in the area where the Federal Government will participate.

the SITE and its functional divisions


PARKING
PARKING TRANSIT
WORLD OF ARTS
5 acres
WORLD OF ENTERTAINMENT
11 acres
WORLD OF NATIONS
18 acres
WORLD OF INDUSTRY
19 acres
WORLD OF SCIENCE
21 acres

74 ACRES

THE SITE AND ITS FUNCTIONAL DIVISIONS

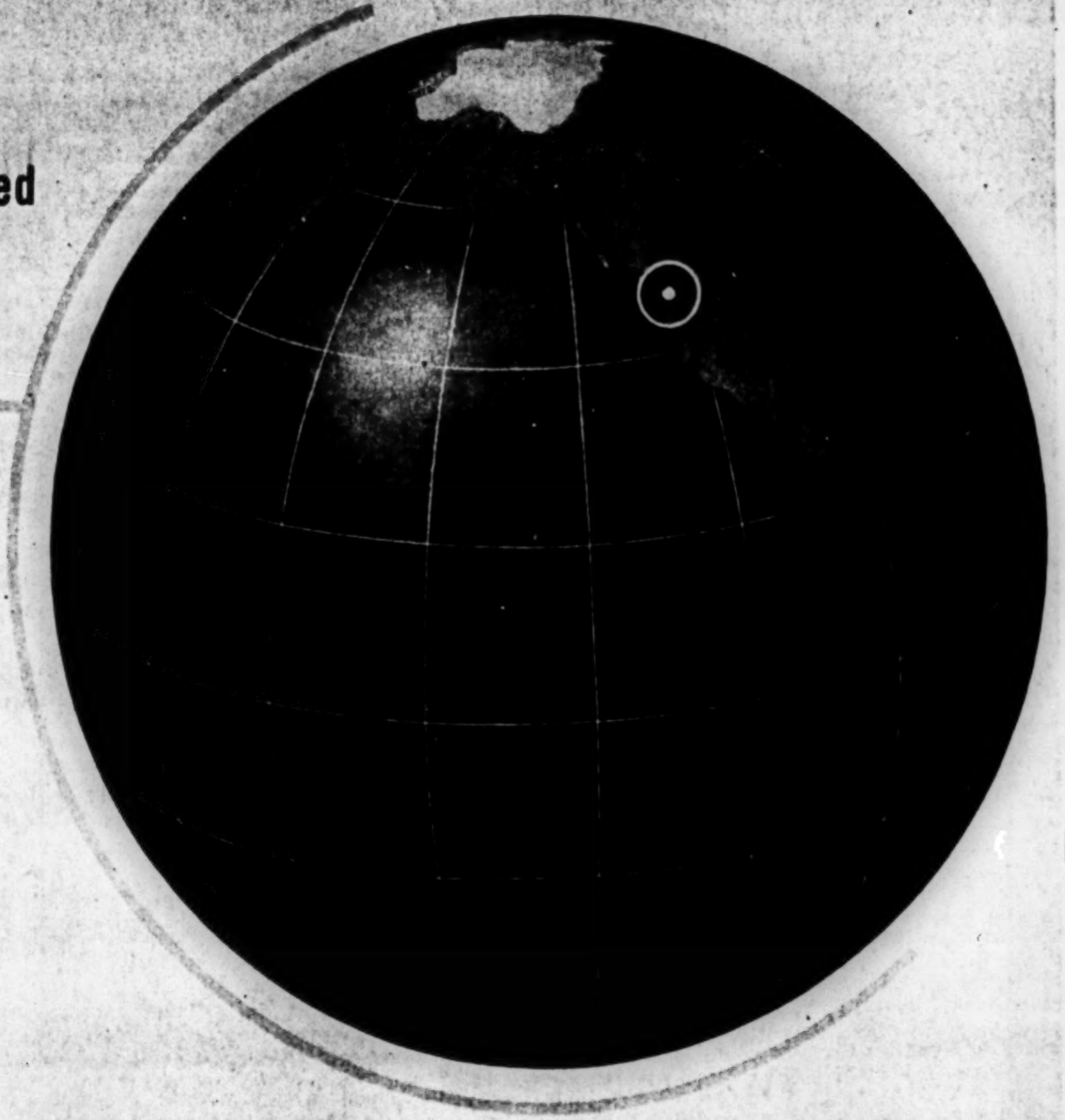
The Site's 74 acres will be divided into five Areas or five Worlds:

The World of the Arts	5 acres
The World of Entertainment	11 acres
The World of Industry	19 acres
The World of Nations	18 acres
The World of Science	21 acres

The Cultures of the World as well as Commerce and Industry will be treated in the four areas of the Site designated for those purposes. The Federal Government participation, however, will be confined to the World of Science.

FOREIGN PARTICIPATION

by **PRESIDENTIAL PROCLAMATION:** all nations with whom we enjoy diplomatic relations will be invited to participate in the Exposition, but our message will be beamed particularly to the uncommitted Nations of the Pacific Rim

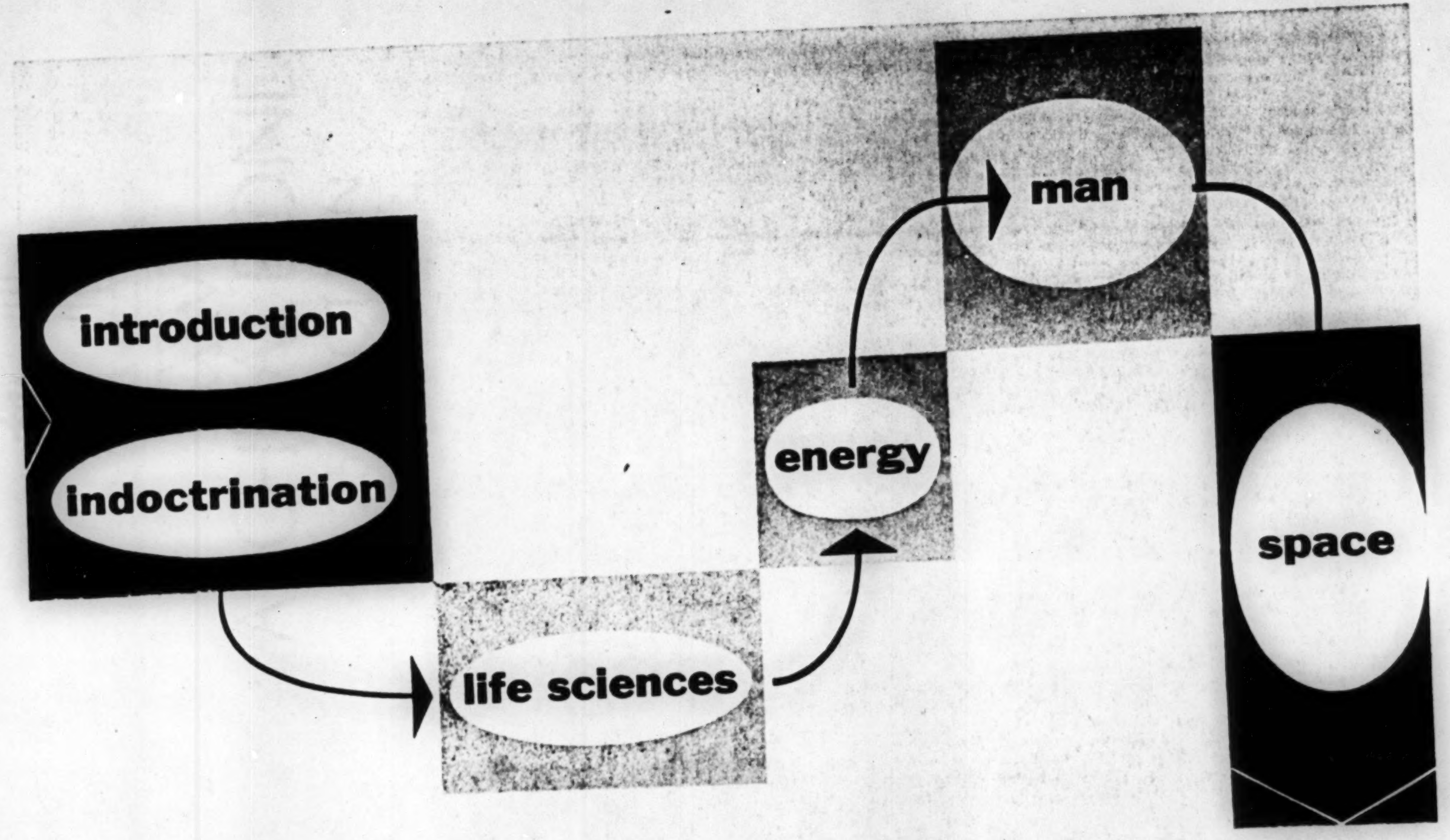


FOREIGN PARTICIPATION

By Presidential proclamation, all nations with whom the United States enjoys diplomatic relations will be invited to participate in the Exposition. The selected theme-messages of the Exposition will be beamed particularly to the uncommitted Nations of the Pacific Rim.

The Act specifically excludes Northern Korea, North Viet Nam, and Communist China.

With Hawaii's new Statehood, she sits like a hub of this great Pacific wheel. The new State of Alaska is the keystone.



introduction

indoctrination

life sciences

energy

man

space

CONTENT & SEQUENCE

THE WORLD OF SCIENCE

The content and sequence of the Federal presentation in the Science Center is of the utmost importance. As designated by the National Science Planning Board, the World of Science will be divided into four parts: THE LIFE SCIENCES — ENERGY — MAN — SPACE.

An Introduction and Indoctrination Area will be added to serve as a general presentation area to the whole field of Science.

LIFE SCIENCES

In this Section exhibits will outline in a series of coordinated steps the major areas in which biochemists and others are exploring the nature and processes of life. It will relate this understanding to the welfare of a much expanded world population in century 21. Exhibits will show, many through working laboratories, how these discoveries can contribute to the rational choices man can and must make in respect to the survival of the species. Subjects will range from medical research to the search for new food sources and their application in underdeveloped countries.

ENERGY

The visitor will pass from the Life Sciences show into the Energy show. There will be a review of man's endless search for new sources of energy, his accomplishments up to 1961, and will proceed rapidly from power by conventional source to power from fission and fusion, and to the direct conversion of nuclear power without an intervening heat cycle. Communications will be demonstrated through the use of transmission by satellite repeaters. Weather predicting techniques such as we have never imagined that could save billions of dollars and countless lives will be demonstrated, as will the coming break-throughs in transportation including hydrofoil-equipped vessels under atomic power.

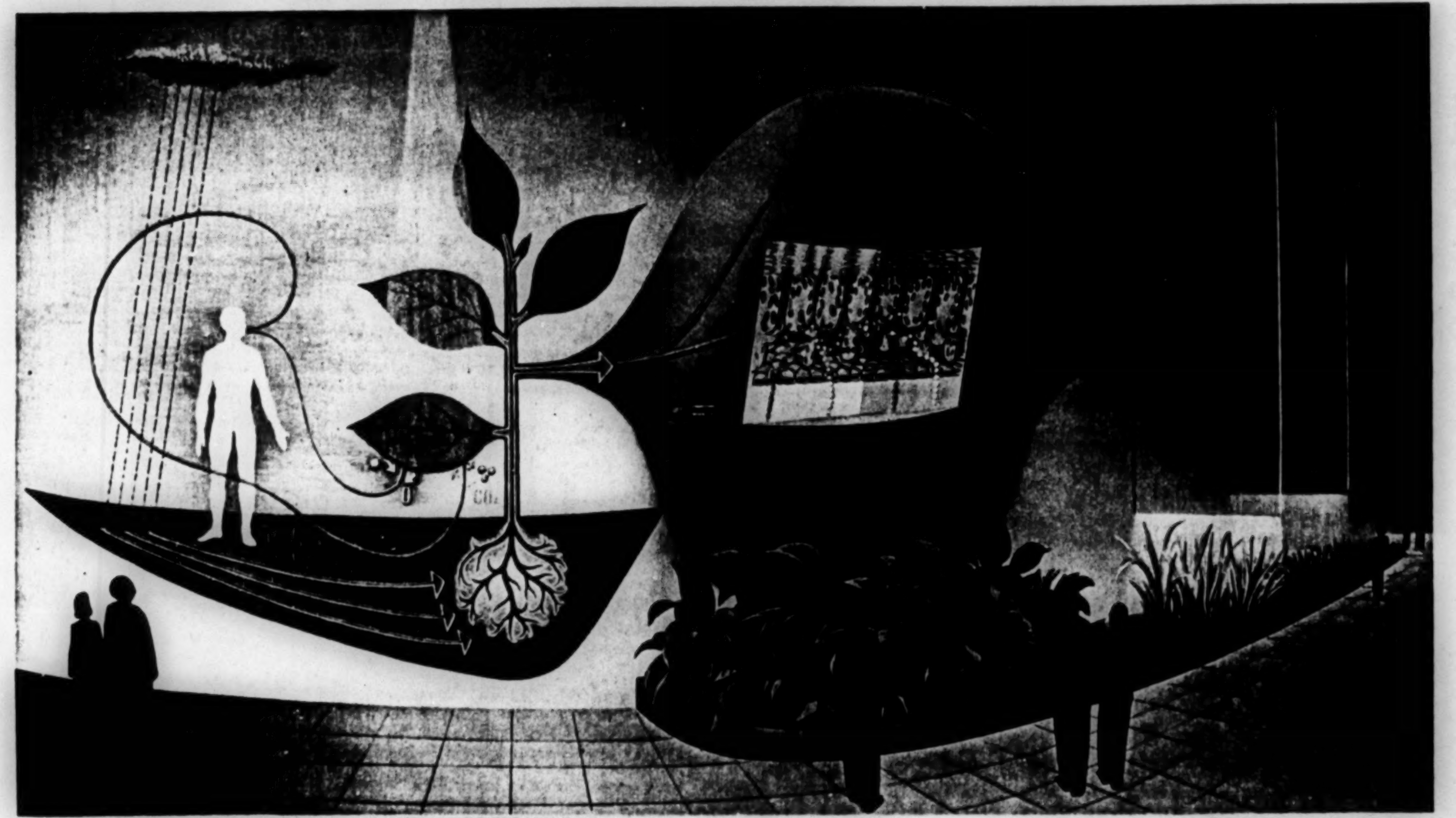
MAN

From the Energy exhibit to the subject of Man is a logical step. Man is greatly affected by the many forces that are at play within his environment. Here will be shown those inventions and the result of research that have eased his work, provided him with leisure with dignity, and with new powers to heal himself, as well as destroy himself. Here the visitor will see the search for food sources as a weapon for peace, the possible uses of automation, the future of commerce and industry, educational advances and techniques, etc. In this area will be demonstrated, that from coming generations we must find and encourage the scientist of tomorrow, if we are to meet the growing threat of an emerging power uncommitted to international morality.

SPACE

This section of the International Science Hall would include exhibits depicting the whole spectrum of space—its composition, demonstrations of the solar systems and of man's efforts to penetrate its secrets. It would include development of findings from the International Geophysical Year, the Smithsonian Astrophysical Laboratory, the measurement of the ionosphere, prototypes of tracking stations, space vehicles, propulsion systems, control problems, research, and many others.

LIFE SCIENCES EXHIBIT



Through photosynthesis, sunlight causes plants to combine air and water into the elementary molecules of life.

A LIFE SCIENCES EXHIBIT—PHOTOSYNTHESIS

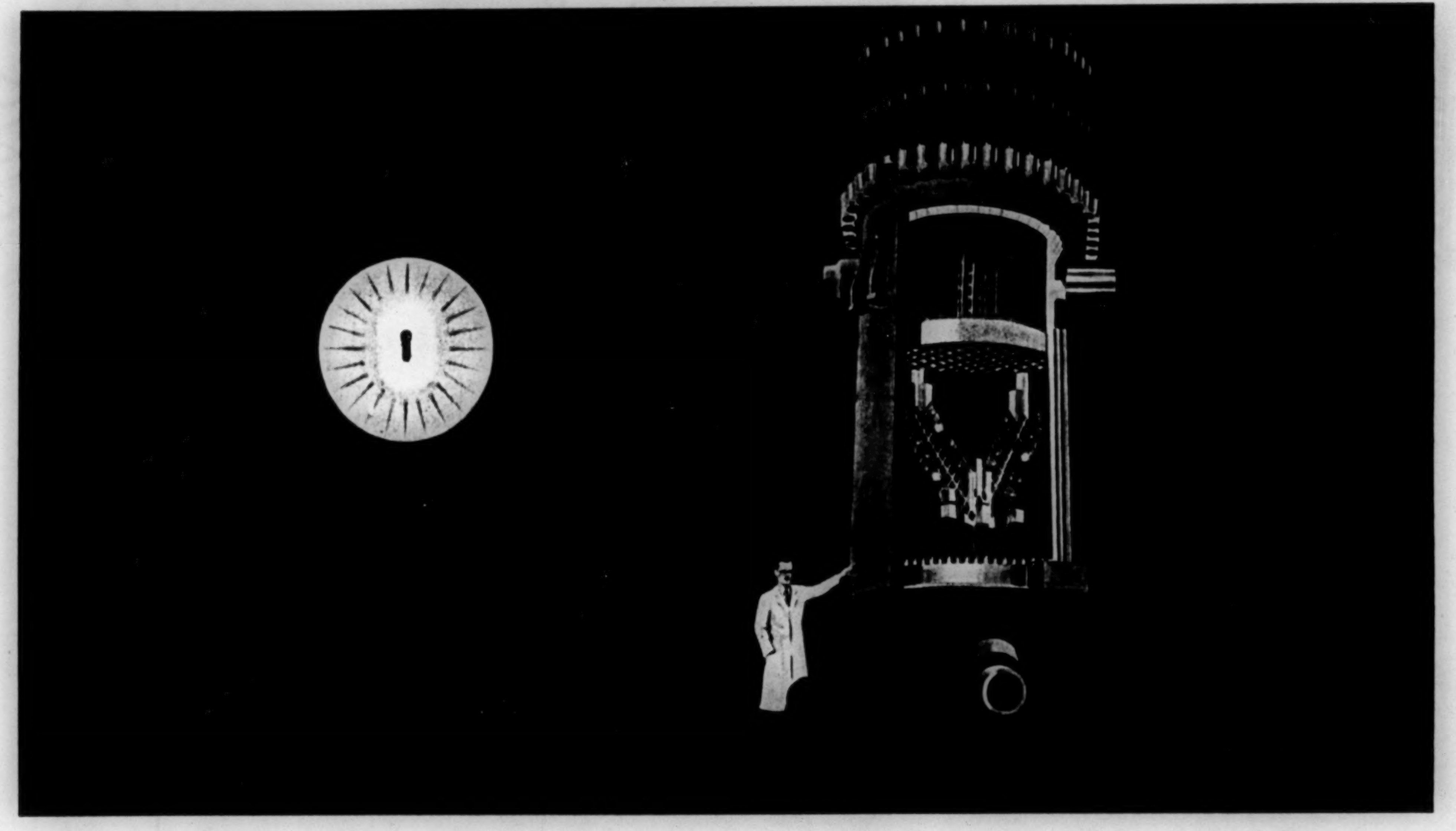
Many questions have been raised as to how subjects dealing in the main with pure Science can be made exciting—understandable and interesting—yet remain authoritative.

One of the subjects to be treated in the Life Science Exhibit will be the process of photosynthesis. The picture above depicts the manner in which the exhibit might be treated.

By means of motion it could be shown how much is known as to what takes place when the green plant kingdom converts 400 billion tons of carbon dioxide into life giving oxygen yearly. A rear projected movie would enlarge a small section of a leaf to many times its size so that cell activities can be seen and studied.

This, of course, is but one way in which one exhibit might be developed in the Life Sciences area.

POWER EXHIBIT



More and more, public utility plants powered by atomic fuel are demonstrating our atoms for peace program

ENERGY EXHIBIT—ATOM POWER

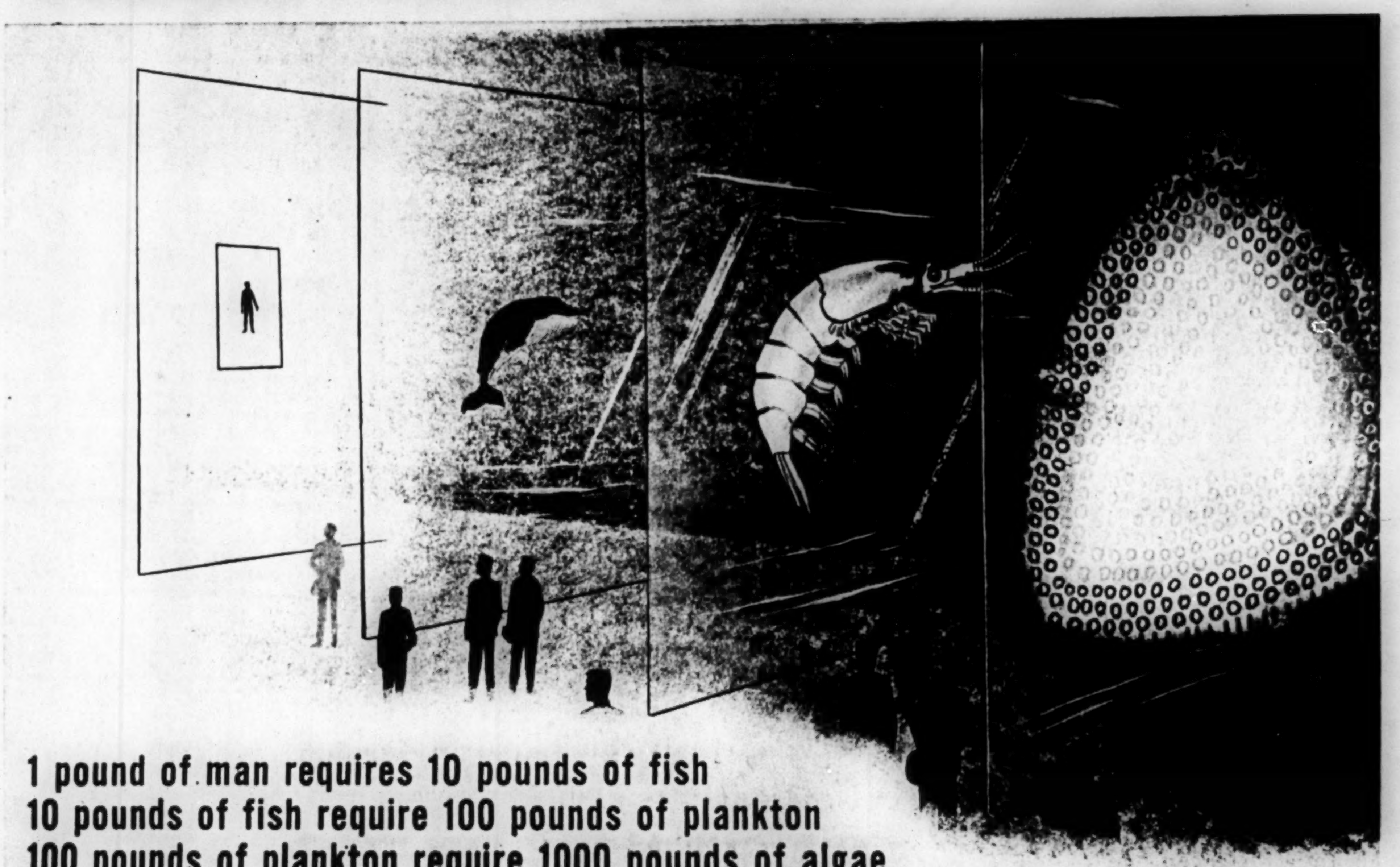
One of the most vigorously pursued uses of nuclear energy for peace-time purposes is in the replacement of coal as a fuel for our source of electrical power.

The picture shows a life-size model of the Shippingport reactor against a background of simulated coal. The small replica of the reactor shows its relation to the amount of energy that would require whole mountains of coal to produce.

Equally interesting would be an exhibit recalling that the Nautilus powered by a similar pressurized water reactor cruised her first 60,000 miles, more than twice around the world on a charge of nuclear fuel smaller than a soft ball.

The Dwight D. [illegible]

INDOCTRINATION EXHIBIT



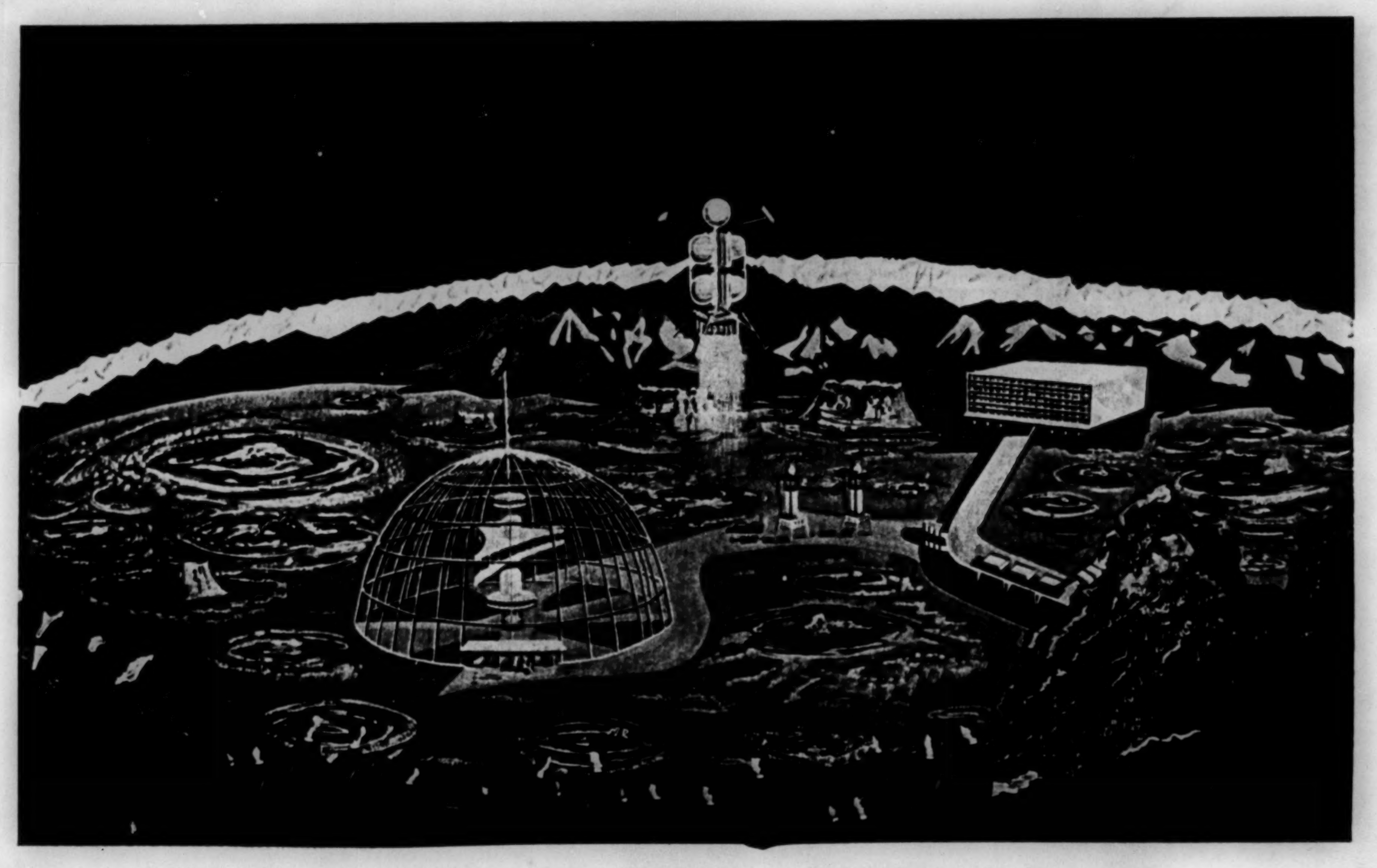
1 pound of man requires 10 pounds of fish
10 pounds of fish require 100 pounds of plankton
100 pounds of plankton require 1000 pounds of algae

all of these are composed of the same basic elements

INDOCTRINATION EXHIBIT–RELATED TO MAN

The purpose of this exhibit would be to place Man in his proper relationship to the other inhabitants of the earth. It would show that Man, who bulks by far the greatest number of total pounds of any other animal on earth, depends for his very existence on 1,000 times his weight in matter that he cannot even see.

SPACE EXHIBIT



Century 21 will find man probing deeply into the mysteries of the moon and the problems unfolded by the planets.

SPACE EXHIBIT—LUNAR LANDSCAPE

The exhibit shown above is approximately 80 feet wide by 40 feet deep. It combines the techniques of stage, model making, sound, lighting, and animation to create in the beholder the sense of actual experience. The observer will feel himself a part of a lunar expeditionary force working its way across the surface of the Moon.

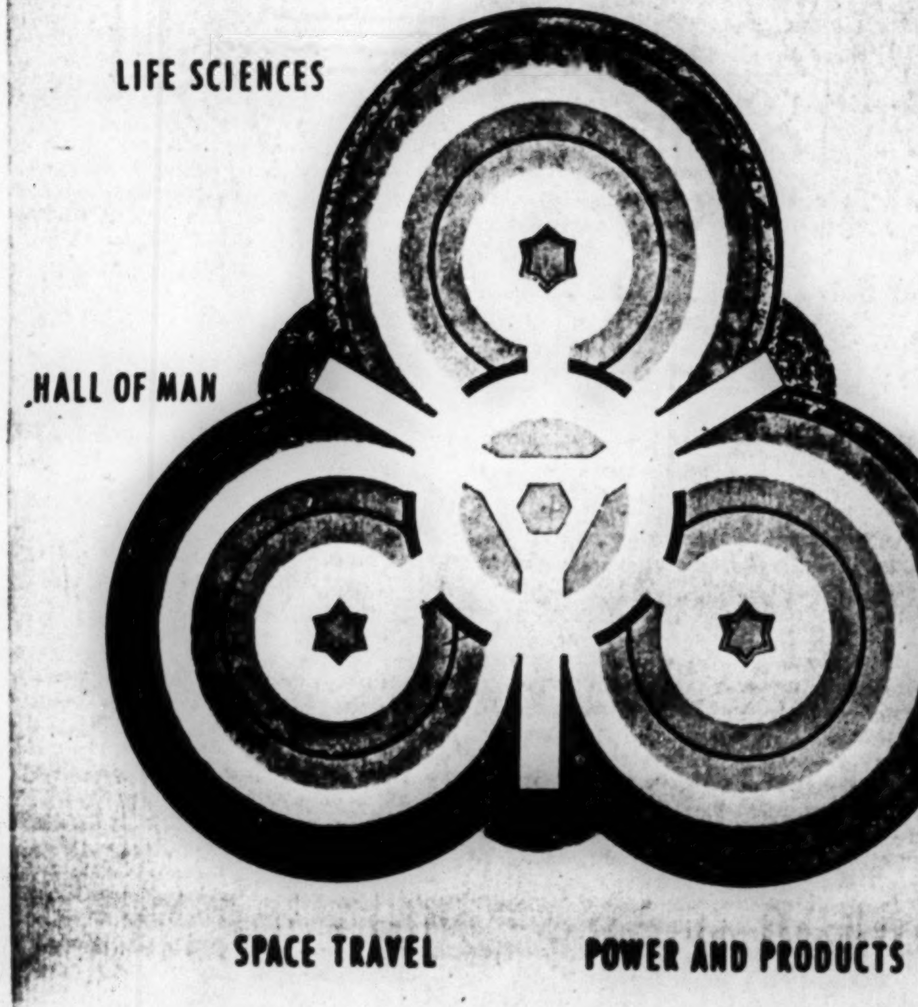
A freight rocket is seen at the moment of takeoff, bound on its routine shuttle run to a space station for additional supplies. An automatic mining operation is taking place on the right.

Today this is science fiction—tomorrow it will be reality and by Century 21, it will be commonplace.

It is planned to construct all these exhibits so that they can be moved from place to place for educational and research purposes long after Century 21 shall have closed its doors. Thus, most of the exhibits will have important residual value.

INTERNATIONAL SCIENCE CENTER

circulation diagram


LIFE SCIENCES
HALL OF MAN
SPACE TRAVEL
POWER AND PRODUCTS

triparted building plan clusters around the great hall of man providing maximum exhibit space with minimum walking.

provides adequate space for sixty basic science exhibits and double the area for applied technology exhibits

area of building	166,800 sq. ft.
area of exhibits	
ground floor	94,600 sq. ft.
mezzanine	54,000 sq. ft.
total	148,600 sq. ft.

INTERNATIONAL SCIENCE CENTER

At this point it is important to consider the building that will house this great Science show. The story line of the Federal presentation clearly defines to an architect a three-winged circulation plan around a central Hall of Man. The drawing above is not necessarily the plan of a building, since the circles could be squares, hexagons, rectangles, or any other shape. As the plans of the final building evolve, all of these basic elements will be studied.

A triparted building plan that clusters around a great Hall of Man suggests itself as providing a maximum of exhibit space with a minimum of walking. The white areas are where the audience circulates. Each inner area comprises the core of basic science and research. The outer rings are devoted to exhibits of applied technology.

If the arrangement shown here as a building plan is accepted for estimate purposes, it follows:

1. That it provides about the correct amount of exhibit space for the three broad basic science shows and the Hall of Man, together with double the area for applied technology exhibits, should mezzanine space be included.

2. That the ground floor area of the building is 166,000 square feet.

3. That a columnless building, with dramatic interior and exterior illumination, capable of handling the anticipated crowds (adequate ventilation but no air-conditioning) will cost approximately $30.00 per square foot, giving us a building cost of approximately $5,000,000.

The next question—an even more important item—is the cost of the exhibits themselves. After considerable study it has been determined that the cost of constructing, operating, and dismantling this Exposition for four fiscal years would be $7,500,000. This makes a total of $12,500,000—the price tag for Federal participation in the Century 21 Exposition.

COSTS ESTIMATED FOR SCIENCE CENTER

building construction costs			
site development and construction	$5,003,550		
architectural services	200,142		
		5,203,692	
exhibits costs			
construction of science exhibits	4,458,000		
exhibit design	312,000		
personal services	840,516		
travel	100,812		
transport of things	454,400		
utilities	197,500		
other contractural services	20,000		
building maintenance	25,000		
exhibit maintenance	50,000		
changing and refurbishing exhibits	200,000		
		6,658,228	
administration			
personal services	490,000		
other	148,080		
		638,080	
TOTAL			$12,500,000

SUMMARY

In summary, then, The Federal Government is being invited to participate in the first International Exposition held in the United States since 1939. The Congress, through Public Law 85-880, has recognized the possibilities involved.

The Community has planned well for this event, and is on sound financial ground by appropriating $15,000,000 for the Century 21 Exposition.

This might be considered a report to the American stockholders of this Government's determined efforts to make Science work as Man's servant and not his destroyer. It is hoped that such an event can, as much as any other type of stimulus, provide the germination for a new crop of young scientists devoted to that same end.

509--U.S.Dept.of Comm--DC--1959

NATIONAL SCIENCE PLANNING BOARD

Dr. Froelich Rainey, Chairman
Director, U. of Pennsylvania Museum
33rd and Spruce Streets
Philadelphia 4, Pennsylvania

Dr. Allen V. Astin, Director
National Bureau of Standards
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Washington 25, D. C.

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Dr. Frederick Seitz
Department of Physics
University of Illinois
Urbana, Illinois

Dr. Henry Bradford Washburn, Jr.
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Science Park
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Dr. Paul Weiss, Member and Professor
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Dr. Dael Wolfle, Executive Officer
American Association for the Advancement
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1515 Massachusetts Ave., N. W.
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CP - 59-97

May 11, 1959

The White House

Washington

THE CABINET

Plan for United States Government Participation in the Century 21 Exposition in Seattle

For consideration by the Cabinet, attached is a paper presented by the Department of Commerce.

The attached paper points out that the President is obligated, under Public Law 85-880 of last session, to report to this session of the Congress as to the most effective manner of U. S. participation at the Century 21 Exposition which will open May 10, 1961 in Seattle.

Annex A to this paper is the draft Report; Annex B is a suggested Proclamation inviting foreign nations to participate in the Exposition; Annex C is the text of Public Law 85-880.

The Department of Commerce has worked closely with the affected agencies and the Bureau of the Budget in developing these plans; they will be brought before the Cabinet with the aid of a visual-oral presentation.

The concurrence of the Cabinet and the approval of the President are sought for the proposals in Annexes A and B (the exact language thereof being subject to final editing as necessary.)

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Consideration

CP - 59-97

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THE CABINET

15

Plan for United States Government Participation in the Century 21 Exposition in Seattle.

PROBLEM:

To determine the most effective manner of representation of the United States Government at the Century 21 Exposition; to consider the appropriate amount of Federal funds which the Administration should request for this representation; to provide for an invitation to foreign countries to participate.

BACKGROUND:

Two years from this month, there will open in Seattle the World Science-Pan Pacific Exposition, now called the Century 21 Exposition. The Exposition's puposes are to:

(1) Commemorate the centennial of the fixing of the boundary between the United States and Canada;

(2) depict the role of science in modern civilization; and

(3) exhibit the varied cultures of the nations of the Pacific Rim.

Public Law 85-880, enacted last September, (see Annex C) stipulates that:

"The President shall report to the Congress during the first regular session of Congress which begins after the date of enactment of this Act with respect to

(1) the most effective manner of representation of the United States at the exposition, taking into account the avoidance of undue competition among governments, and,

(2) the amount of appropriations which are necessary to accomplish such representation."

The Department of Commerce, designated as responsible for this task by the President, has worked with the other interested agencies and has developed a plan for U. S. Government participation in the Exposition. This plan would cost $12,500,000, in total, over four fiscal years.

The plan is contained in the attached draft Report (Annex A) which is now ready for transmittal to the Congress. The Report as attached is preceded by a suggested Transmittal Memorandum and is supplemented by an Appendix (containing the necessary amendments to PL 85-880 to authorize the Federal participation recommended.)

PL 85-880 also authorizes the President, by proclamation, to invite foreign countries to take part in the Exposition (except de facto Communist governments on the Pacific Rim). A suggested Proclamation is attached as Annex B.

RECOMMENDATIONS:

1. **That the Report, as drafted in Annex A, be transmitted to the Congress.**
2. **That an implementing appropriation of $12,500,000 be sought.**
3. **That a Proclamation, such as that in Annex B, be issued.**
4. **That, in addition to the Proclamation, Annex A be issued as a White House Press Release following its signature by the President.**

CONCURRENCE:

The Bureau of the Budget

CP - 59-97

Annex A
(Transmittal
Memorandum)

THE WHITE HOUSE
Washington 25, D. C.

Honorable Richard M. Nixon
President of the Senate

Honorable Sam Rayburn
Speaker of the House of
Representatives

Dear Mr. President:

Dear Mr. Speaker:

In passing Public Law 85-880 the Congress of the United States recognized that the State of Washington and the City of Seattle were well on their way to creating an international exposition at Seattle, beginning in 1961. The Congress provided in that Act that a report be made to it at this session with respect to "(1) the most effective manner of representation of the United States at the Exposition, taking into account the avoidance of undue competition among governments, and (2) the amount of appropriations which are necessary to accomplish such representation." As President of the United States it is my privilege to submit that report herewith.

Those planning the Exposition marshalled the talents of some of the nation's top scientists to develop the theme of scientific achievement and future goals. Today many Federal departments and agencies have great scientific responsibilities. In accordance with the Act, I designated the Department of Commerce to develop a comprehensive plan for all of these agencies to demonstrate their scientific accomplishments and goals, especially to the youth of America, the peoples of the Pacific area, and the world at large through the medium of the international exposition at Seattle in 1961.

The Act also provided for cooperation with the Washington State Exposition Commission. The Secretary of Commerce has reported to me that the Department of Commerce has received excellent cooperation from the Commission and its science planning board. The plan for Federal participation which I now submit is consistent with the science emphasis desired not only by this group, but within the ranks of our scientists in government.

The leadership of the United States in many fields of science brings with it the responsibility for showing how such accomplishments are made in our democracy. Furthermore, we must constantly state and demonstrate our belief that increased scientific knowledge must be used for the benefit of man. The plan for these Federal agencies to demonstrate their achievements and aims at this international exposition will carry with it an expression of the willingness of the United States to share scientific progress. Therefore, I recommend that the Congress authorize and appropriate funds for its implementation.

Sincerely,

CP-59-97

Annex A

PLAN FOR UNITED STATES GOVERNMENT PARTICIPATION AND EXHIBITION AT THE WORLD SCIENCE PAN-PACIFIC EXPOSITION (CENTURY 21 EXPOSITION)

In accordance with Public Law 85-880 the President designated the Department of Commerce as the executive department to consult with other departments, agencies and instrumentalities with respect to their plans and recommendations for their participation in the Exposition to be held at Seattle. The plan now presented represents an integration of their suggestions into an exhibition program that is scientifically sound and will be the most effective manner of representation of the United States at the Exposition. An appropriation request will be submitted to the Congress to implement the plan now presented.

Any Federal participation in the exhibition is based entirely upon the achievement of the people of the State of Washington and the City of Seattle to bring the Exposition into being through their work in conceiving, organizing and financing it. They have determined the three-fold purpose of the Exposition -- commemorating the centennial of the physical fixing of the boundary line between the United States and Canada, depicting the role of science in modern civilization and exhibiting the varied cultures of the nations of the Pacific Rim. Theirs, too, has been the decision to emphasize science in a section of the Exposition which will be known as the World of Science.

In 1956 and 1957 the State and City put their planning for a major international exposition on a firm fiscal basis when they appropriated $15 million. Next, the exact location was made definite by the acquisition of 74 acres of land close to downtown Seattle. A non-profit corporation has been created to operate the Exposition. It is "Century 21 Exposition, Inc." and the Exposition's name has been shortened to "Century 21 Exposition."

The organizers of the Exposition have also determined that recent tremendous strides in science and future benefits to mankind should be emphasized in the Exposition. Since the last major Fair in the United States in 1939, there have been important developments in atomic science, space exploration, the biological sciences and many others. The Exposition will devote nearly one-third of its space to scientific progress in The World of Science theme area.

In the course of cooperating with the State and City, the Federal government has also had the cooperation of the advisory group of eminent United States scientists to which the Century 21 Corporation has turned for advice on the scientific content of the exposition. More than fifty scientists have advised the corporation from time to time and more than twenty are now organized into a group called the National Science Planning Board to continue to provide scientific counsel to the Corporation and exhibitors. The following are members of this Board:

Dr. Froelich Rainey
Chairman
Director, University of Pennsylvania Museum
Philadelphia, Pennsylvania

Dr. Allen V. Astin
Director, National Bureau of Standards
Department of Commerce
Washington, D. C.

Dr. Detlev W. Bronk
President
Rockefeller Institute
New York, New York

Dr. Leonard Carmichael
Secretary
Smithsonian Institution
Washington, D. C.

Mr. Harold J. Coolidge
National Academy of Sciences
Washington, D. C.

Dr. Frank Fremont-Smith
Medical Director
Josiah Macy, Jr., Foundation
New York, New York

Dr. Harry F. Harlow
Department of Psychology
University of Wisconsin
Madison, Wisconsin

Dr. Donald Loughridge
Nuclear Power Engineering Division
General Motors Technical Center
Detroit, Michigan

Professor Herman Mark
Department of Chemistry
Polytechnic Institute of Brooklyn
Brooklyn, New York

Dr. Donald H. McLaughlin
Homestake Mining Company
San Francisco, California

Dr. Donald H. Menzel
Director, Harvard Observatory
Cambridge, Massachusetts

Dr. J. C. Morris
Vice President
Tulane University
New Orleans, Louisiana

Dr. Hans Neurath
Professor and Executive Officer
Department of Biochemistry
University of Washington
Seattle, Washington

Dr. Gerard Piel
President and Publisher
Scientific American
New York, New York

Dr. Glenn T. Seaborg
Chancellor
University of California
Berkeley, California

Dr. Frederick Seitz
Department of Physics
University of Illinois
Urbana, Illinois

Dr. Henry Bradford Washburn, Jr.
Director
Boston Museum of Science
Boston, Massachusetts

Dr. Paul Weiss
Member and Professor
Rockefeller Institute
New York, New York

Dr. Dael Wolfle
Executive Officer
American Association for the Advancement of Science
Washington, D. C.

Many of the members of this Board have worked with, and have the respect of the departments and agencies of Government in various science fields. There has been a useful exchange of ideas between them and the agencies with the result that the agencies now present plans for participation which will be integral parts of the science theme and will produce an effective representation for the United States as desired by the Congress.

CONTENT OF FEDERAL EXHIBITIONS

With the cooperation of the National Science Foundation introductory areas will be created for the Federal exhibits in order to make initial presentations in each field of Science. These areas are planned to excite youth and adult interest in, and promote the understanding of, the four basic Science areas: Life Sciences, Energy, Man, and Space.

THE LIFE SCIENCES

In the area devoted to the "Life Sciences", exhibits will develop in a series of coordinated steps the major areas that biochemists and others are exploring in nature and in the processes of life. The understanding derived from years of basic scientific discovery will be projected into the future and related to the welfare of a much expanded world population in Century 21. How biology contributes to the rational choices that man can and must make today with respect to the survival of his species will be illustrated.

As an example of specific subject treatment, special emphasis will be placed on an exhibit that depicts the all important life creating and sustaining process of photosynthesis. Herein lies the secret of life itself and undetermined sources of power - sources of power that might, in the not-too-distant future, dwarf present conventional and atomic sources.

The Department of Health, Education, and Welfare will present medical exhibits such as research in chemical cures for cancer, testing against new hazards in radiation and new forms of drugs. Blood and tissue will be the subjects of presentations by the Department of Defense. The Department of Agriculture will provide exhibits on the subjects of breeding and genetics. They will also demonstrate new crops and display new techniques in improving animals.

The Atomic Energy Commission will delve into radiation plus studies in biosynthetic labelling, tumor localization, and parasite eradication. In addition to its task of exhibit and theme coordination, the National Science Foundation will present exhibits in such life science subjects as growth and behavior. The NSF intends to secure the cooperation of the National Academy of Science, private foundations, and educational institutions.

ENERGY

The theme of the "Energy" section is man's endless search for new sources of energy. A review of his accomplishments up to 1961 will be presented. The show will then proceed rapidly from conventional power to power from fusion and fission, and to the direct conversion of nuclear power without an intervening heat cycle.

Communications will demonstrate world-wide transmission by satellite repeaters. Weather predictions, such as we have never imagined, that could save the world economy half of its total earnings, will be presented.

The Department of Defense will play a major role in the "Energy" section. This Department intends to cover the following subjects: Power sources - atomic power package, solar energy, cosmic rays, direct battery conversion of chemical to electric power, and shock tube programs. Other important topics will be crystal physics, crystal and whisker growth, high pressure and unusual fabrication techniques, etc. The Atomic Energy Commission will deal in reactors - fission and fusion models plus a small power source for satellites. The National Science Foundation will contribute research in chemical engines. Saline water, hydroelectric power and metalurgy will be the principal areas of participation by the Department of Interior. The Federal Aviation Agency has been requested to present studies in fuels and propulsion systems. The Department of Commerce will round out the display with a maritime exhibit including atomic propulsion and hydrofoils, etc.

MAN

Man is greatly affected by the many forces that are at play within his environment. His reaction to these forces - in the past, the present, and the future - sets the theme for the exhibit in the "Area of Man."

Here will be shown those inventions and the results of science research that have eased man's workload, provided him leisure with dignity, and with new powers to heal himself, as well as the power to destroy himself. Here the visitor will see treated in exhibit form the coming population explosion and the restless search for food as a weapon for peace. In this area it will be clearly demonstrated that out of coming generations we must discover and encourage the scientists of tomorrow.

The Department of Defense has proposed environment and reaction studies. Health, Education, and Welfare is prepared to present exhibits concerned with geriatrics, educational advances and techniques, population explosion, and urbanization. The Department of Labor will tell the story of man at work throughout the ages. Particular emphasis will be placed on automation and its effect upon the working man and his future. New food sources will be the subject of exhibits by the Department of Agriculture. The story of the future of commerce, industry, and transportation will be told by the Department of Commerce. Conservation, fossil fuels, etc., will be the subjects of exhibits by the Department of Interior.

The National Science Foundation will provide basic science exhibits designed to assure continuity of theme. They will also contribute scientific direction and coordination.

A high percentage of the exhibits involved will be designed to have residual value. This will be true of the other theme areas as well.

SPACE

Space science is no longer science fiction. Within the Federal Government the National Aeronautics and Space Administration, the Department of Defense, the National Science Foundation, and the Weather Bureau and the Bureau of Standards of the Department of Commerce, and others, work around the clock on all phases of science problems created by man's challenge of space. Astronautical measurement, chemistry, cosmic radiation, communications, orbital mechanics, propulsion, medicine, and habitation are just a few of the problems.

The introduction to this science will presented as an accomplishment of our Government. The National Aeronautics and Space Administration will make it possible for the visitor to see how information from satellites is transmitted for analysis in terms of its scientific significance. Such developments as have been analyzed by the time of the Exposition will be included in this exhibit, stressing the significance of the satellite as an exploratory scientific tool.

Past, present and future space vehicles and an actual 80-foot research rocket, models and demonstrations of propulsion systems will lead the visitor to a point where he can see a full-scale mock-up of the capsule in which the first men will make space exploration. The problems that will attend such exploration will be illustrated and solutions proposed.

Space research for the benefit of mankind will be demonstrated. Forecasting, and perhaps even controlling weather by efforts in space will be shown. Recent earth-bound scientific accomplishments will not be ignored. The Bureau of Standards will demonstrate non-satellite methods of measurement of the earth's ionosphere. The National Science Foundation will present exhibits covering compilations and conclusions developing out of the International Geophysical Year and the Smithsonian Institution's proposal for astrophysical laboratories.

COST ESTIMATES OF THE FEDERAL PLAN

In order to house, construct, and operate the Federal exhibits as herein described, cost estimates have been made as follows:

FOR FISCAL YEARS 1960, 1961, 1962, 1963

Activity		Total Estimated Requirements
I.	Construction costs:	
	A. Site development and construction..........	$ 5,003,550
	B. Architectural services....................	200,142
II.	Exhibit Program:	
	A. Hall of Science...........................	6,658,228
III.	Administration:	
	A. Personal Services.........................	490,000
	B. Other.....................................	148,080
	Total Requirements	$ 12,500,000

JUSTIFICATION FOR PROPOSED AMENDMENTS TO THE ENABLING ACT (PUBLIC LAW 85-880)

In enacting Public Law 85-880 Congress contemplated that Federal participation in the World Science-Pan Pacific Exposition (hereafter referred to as the "exposition") would consist of two stages, (1) preparatory, and (2) actual participation. Accordingly, the Act provides, in Sec. 1, that the President determine the extend to which the United States shall be a participant and, in Sec. 5(a), report to the current Congress (a) the most effective manner of representation and (b) the amount of appropriations necessary to accomplish such representation. Sec. 7 of the Act authorized an appropriation not to exceed $125,000 which was contemplated to be used for setting up an initial staff and making necessary surveys (H. Rept. No. 2561, 85th Cong., 2d Session).

Section 3 of the Act is apparently for the purpose of enabling the actual participation, once it is decided upon. It authorizes, for example, the making of contracts necessary to provide for U. S. participation and the incurring of related expenses.

The 85th Congress adjourned without having made an appropriation as authorized by Sec. 7 of the Act. In order to enable preliminary work to be done, so that the President could make his report to the first session of the 86th Congress, as required by Sec. 5(a) of the Act, the President allotted $60,000 of his Emergency Fund to the Department of Commerce, which he had designated as the Department through which he would carry out his functions under the Act (see letter of the President, Nov. 13, 1958, published in 23 F. R. 9169).

In analyzing the Act, it appears to the Department of Commerce exposition staff that certain amendatory legislation should be enacted in order to allow the necessary flexibility in arrangements for participation. The House Report above referred to indicates that it was expected that participation would require additional legislation in the form of appropriations and possibly in general legislation.

While the Act is broad enough at this stage to provide for actual participation as well as the preliminary planning, it is felt that the addition of some paragraphs in the nature of those presently provided in International Trade Fair legislation (22 U.S.C. 1991-2001) would enable the Commissioner more adequately and efficiently to discharge his functions.

Section 1 of the proposed amendment makes certain technical changes. The exposition is now known efficially as "Century 21 Exposition" and it is to be held in 1962 as well as 1961.

Section 2 of the proposed amendment lists the types of expenditures contemplated under the Act and clarifies the present authority. Section 3 of the amendment amends the present Section 7 of the Act by removing the $125,000 appropriation authorization limit which was predicted only on the preliminary work. It also adds a new Section 8, which authorizes carrying out the provisions of the Act without regard to the prohibitions and limitations of laws that prohibit the advance payment of funds, the contracting for more than a year and limiting the compensation of consultants to civil service salary schedules. These laws were designed for ordinary, routine and continuing government procurement but should not apply to the specialized type of contracts and functions peculiar to the operations of and participation in an exposition.

CP - 59-97

Annex A
(Appendix)

86th Congress

1st Session

A BILL

To amend Public Law 85-880, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

The first sentence of Section 1 of the Act of September 2, 1958 (Public Law 85-880; 72 Stat. 1703) is hereby amended as follows:

"(a) After the phrase, 'World Science-Pan Pacific Exposition', insert 'now known as Century 21 Exposition'.

"(b) Strike '1961' and insert in lieu thereof '1961 and 1962'."

Section 2. Clause (5) of Section 3 of said Act is hereby amended to read as follows:

(5) incur such other expenses as may be necessary to carry out the purposes of this Act, including but not limited to expenditures involved in the selection, purchase, rental, construction, and other acquisition of exhibits and materials and equipment therefor and the actual display thereof, and including but not limited to related expenditures for costs of transportation, insurance, installation, safekeeping, maintenance and operation, rental of space, and dismantling; and".

Add a Clause (7) to Section 3 of said Act as follows:

"(7) procure services as authorized by the Act of August 2, 1946 (5 U.S.C. 55a) but at rates for individuals not to exceed $100 per diem."

Section 3. Section 7 of said Act is hereby amended to read as follows, and a new Section 8 is added to said Act, all reading as follows:

"Sec. 7. There are hereby authorized to be appropriated, to remain available until expended, such sums as may be necessary to carry out the provisions of this Act, including participation in the exposition.

"Sec. 8. The functions authorized in this Act may be performed without regard to the prohibitions and limitations of the following laws: Section 3648, Revised Statutes, as amended; (31 U.S.C. 529); Section 3735 Revised Statutes, (41 U.S.C. 13).

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Annex B

WORLD SCIENCE-PAN PACIFIC EXPOSITION

(CENTURY 21 EXPOSITION)

- - - -

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS there will be held at Seattle, Washington, a World Science-Pan Pacific Exposition (Century 21 Exposition) during the years 1961 and 1962 to commemorate the centennial of the physical fixing of the boundary line between the United States of America and Canada, to depict the role of science in modern civilization, and to exhibit the varied cultures of the nations bordering the Pacific Ocean; and

WHEREAS the Congress, by Public Law 85-880, approved September 2, 1958 (72 Stat. 1703), has authorized the President, by proclamation or in such other manner as he may deem proper, to invite the States of the Union and certain foreign countries to take part in this exposition; and

WHEREAS such participation by the States of the Union and foreign countries will contribute to the welfare of all the participants by promoting international and domestic commerce and by furthering understanding between nations through the interchange of scientific and cultural knowledge:

NOW, THEREFORE, I, DWIGHT D. EISENHOWER, President of the United States of America, pursuant to the aforesaid act of Congress and at the request of the Governor of the State of Washington, do hereby invite appropriate foreign countries to participate in the World Science-Pan Pacific Exposition (Century 21 Exposition) to be held at Seattle, Washington, from May 10, 1961 to October 1962.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this day
of in the year
of Our Lord nineteen hundred
and fifty-nine, and of the
Independence of the United
States of America the one
hundred and eighty-third.

By the President:

Secretary of State

CABINET PAPER
For Consideration

Annex C

Public Law 85-880
85th Congress, S. 3680
September 2, 1959

AN ACT

72 Stat. 1703.

To provide for participation of the United States in the World Science-Pan Pacific Exposition to be held at Seattle, Washington, in 1961, and for other purposes

World Science-Pan Pacific Exposition Seattle, Washington.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the President, through an executive department or independent agency designated by him, shall cooperate with the Washington State World Fair Commission with respect to, and determine the extent to which the United States shall be a participant and an exhibitor at, the World Science-Pan Pacific Exposition (hereafter in this Act referred to as the "exposition") which is being held at Seattle, Washington, in 1961. The purposes of such exposition are to --

(1) commemorate the centennial of the physical fixing of the boundary line between the United States of America and Canada,

(2) depict the role of science in modern civilization, and

(3) exhibit the varied cultures of the nations of the Pacific Rim.

The President is authorized, by proclamation or in such other manner as he may deem proper, to invite the several States of the Union and foreign countries to take part in the exposition: *Provided,* That no Communist de facto government holding any people of the Pacific Rim in subjugation be invited to participate.

Commissioner, appointment by President.

Section 2. There shall be in the designated department of independent agency a Commissioner for the exposition who shall be appointed by the President by and with the advice and consent of the Senate, and who shall receive compensation at the rate of $17,500 per annum. The head of the designated department of independent agency shall prescribe the duties of the Commissioner and may delegate such powers and duties to him as are deemed advisable in order to carry out this Act.

63 Stat. 954.
5 USC 1071 note.

Section 3. In carrying out the provisions of this Act, the head of the designated department or independent agency may --

(1) appoint, without regard to the civil-service laws and the Classification Act of 1949, such persons as he deems to be necessary to carry out the provisions of this Act, except that no person

appointed under this paragraph shall receive compensation from the United States at a rate in excess of that received by persons under the Classification Act of 1949 for performing comparable duties;

(2) enter into such contracts as may be necessary to provide for United States participation in the exposition;

(3) erect such buildings and other structures as may be necessary for United States participation in the exposition, on land owned by the State of Washington or by any local government of such State or any political subdivision or instrumentality of either: Provided, That all laborers and mechanics employed by contractors or subcontractors in the performance of work on such buildings and other structures shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Bacon-Davis Act, as amended (40 U.S.C., sec. 276a-276a-5);

(4) purchase books of reference, newspapers, and periodicals;

(5) incur such other expenses as may be necessary to carry out the purposes of this Act; and

(6) accept any gifts, loans, donations, or devices to be used in carrying out the provisions of this Act.

Pub. Law 85-880 September 2, 1958

72 Stat. 1704.

Section 4. The head of each department, agency, or instrumentality of the Federal Government is authorized --

(1) to cooperate with the head of the designated department or independent agency with respect to United States participation in the exposition, and

(2) to make available to the head of the designated department or independent agency, from time to time, on a reimbursable basis, such personnel as may be necessary to assist the designated department or independent agency in carrying out its functions under this Act.

Reports to Congress.

Section 5. (a) The President shall report to the Congress during the first regular session of Congress which begins after the date of enactment of this Act with respect to (1) the most effective manner of representation of the United States at the exposition, taking into account the avoidance of undue competition among governments, and (2) the amount of appropriations which are necessary to accomplish such representation.

(b) The President shall report to the Congress within six months after the date of the official close of the exposition on the activities of the Federal Government pursuant to this Act, including a detailed statement of expenditures. Upon transmission of such report to the Congress, all appointments made under this Act shall terminate.

Section 6. After the close of the exposition, all property purchased or erected with funds provided pursuant to this Act shall be disposed of in accordance with the Federal Property and Administrative Services Act of 1949, and other applicable Federal laws relating to the disposition of excess and surplus property.

Appropriation.

Section 7. There are hereby authorized to be appropriated not to exceed $125,000 to carry out the provisions of this Act.

APPROVED SEPTEMBER 2, 1958.

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CP - 59-97/1

July 11, 1959

The White House

Washington

THE CABINET

Plan for United States Government Participation in the Century 21 Exposition in Seattle.

The attached approved paper is circulated for any necessary further action by the Secretary of Commerce and for the information of members of the Cabinet and agency heads concerned.

The Recommendations in this paper were approved at the Cabinet meeting of Friday, May 15, 1959 (RA - 59-132, Item 2).

The implementation of the U. S. financed part of the Exposition will take place in accordance with the President's instruction as set forth in the above-mentioned Record of Action. Appended as part of this approved paper (but not privileged) are copies of the Message to the Congress as signed and sent by the President on May 21, 1959, and of the Proclamation as signed and issued by the President on July 11, 1959.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

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THE CABINET

Plan for United States Government Participation in the Century 21 Exposition in Seattle.

PROBLEM:

To determine the most effective manner of representation of the United States Government at the Century 21 Exposition; to consider the appropriate amount of Federal funds which the Administration should request for this representation; to provide for an invitation to foreign countries to participate.

BACKGROUND:

Two years from this month, there will open in Seattle the World Science-Pan Pacific Exposition, now called the Century 21 Exposition. The Exposition's purposes are to:

(1) Commemorate the centennial of the fixing of the boundary between the United States and Canada;

(2) depict the role of science in modern civilization; and

(3) exhibit the varied cultures of the nations of the Pacific Rim.

Public Law 85-880, enacted last September, (see Annex C) stipulates that:

"The President shall report to the Congress during the first regular session of Congress which begins after the date of enactment of this Act with respect to

(1) the most effective manner of representation of the United States at the exposition, taking into account the avoidance of undue competition among governments, and,

(2) the amount of appropriations which are necessary to accomplish such representation."

The Department of Commerce, designated as responsible for this taks by the President, has worked with the other interested agencies and has developed a plan for U. S. Government participation in the Exposition. This plan would cost $12,500,000, in total, over four fiscal years.

The plan is contained in the attached Report for transmittal to the Congress.

PL 85-880 also authorizes the President, by proclamation, to invite foreign countries to take part in the Exposition (except de facto Communist governments on the Pacific Rim). The Proclamation is attached.

RECOMMENDATIONS:

1. **That the Report be transmitted to the Congress.**
2. **That an implementing appropriation of $12,500,000 be sought.**
3. **That the Proclamation be issued.**
4. **That, in addition to the Proclamation, the Report be issued as a White House Press Release following its signature by the President.**

CONCURRENCE:

The Bureau of the Budget.

FOR RELEASE AT 12:00 NOON (EDT) MAY 21, 1959

CAUTION: The following message of the President scheduled for delivery to the Congress today, May 21, 1959, MUST BE HELD IN STRICT CONFIDENCE and no portion, synopsis or intimation of its contents may be given out or published UNTIL RELEASE TIME.

The same caution applies to all newspapers, radio and television commentators and news broadcasters, both in the United States and abroad.

PLEASE USE EXTREME CARE TO AVOID PREMATURE PUBLICATION OR ANNOUNCEMENT.

James C. Hagerty
Press Secretary to the President

- -

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

Pursuant to the provisions of Public Law 85-880, providing for participation of the United States in the World Science Pan-Pacific Exposition to be held at Seattle, Washington, in 1961, I am transmitting herewith the report required under Section 5 (a) of that Act.

DWIGHT D. EISENHOWER

THE WHITE HOUSE,
May 21, 1959.

######

PLAN FOR UNITED STATES PARTICIPATION AND EXHIBITION AT THE WORLD SCIENCE PAN-PACIFIC EXPOSITION (CENTURY 21 EXPOSITION)

In accordance with Public Law 85-880 the President designated the Department of Commerce as the executive department to consult with other departments, agencies and instrumentalities with respect to their plans and recommendations for their participation in the Exposition to be held at Seattle. The plan now presented represents an integration of their suggestions into an exhibition program that is scientifically sound and will be the most effective manner of representation of the United States at the Exposition. An appropriation request will be submitted to the Congress to implement the plan now presented.

Any Federal participation in the exhibition is based entirely upon the achievement of the people of the State of Washington and the City of Seattle to bring the Exposition into being through their work in conceiving, organizing and financing it. They have determined the three-fold purpose of the Exposition--commemorating the centennial of the physical fixing of the boundary line between the United States and Canada, depicting the role of science in modern civilization and exhibiting the varied cultures of the nations of the Pacific Rim. Theirs, too, has been the decision to emphasize science in a section of the Exposition which will be known as the World of Science.

In 1956 and 1957 the State and City put their planning for a major international exposition on a firm fiscal basis when they appropriated $15 million. Next, the exact location was made definite by the acquisition of 74 acres of land close to downtown Seattle. A non-profit corporation has been created to operate the Exposition. It is "Century 21 Exposition, Inc." and the Exposition's name has been shortened to "Century 21 Exposition".

The organizers of the Exposition have also determined that recent tremendous strides in science and future benefits to mankind should be emphasized in the Exposition. Since the last major Fair in the United States in 1939, there have been important developments in atomic science, space exploration, the biological sciences and many others. The Exposition will devote nearly one-third of its space to scientific progress in The World of Science theme area.

In the course of cooperating with the State and City, the Federal government has also had the cooperation of the advisory group of eminent United States scientists to which the Century 21 Corporation has turned for advice on the scientific content of the exposition. More than fifty scientists have advised the corporation from time to time and more than twenty are now organized into a group called the National Science Planning Board to continue to provide scientific counsel to the Corporation and exhibitors. The following are members of this Board:

Dr. Froelich Rainey
Chairman
Director, University of Pennsylvania Museum
Philadelphia, Pennsylvania

Dr. Allen V. Astin
Director, National Bureau of Standards
Department of Commerce
Washington, D. C.

Dr. Detlev W. Bronk
President
Rockefeller Institute
New York, New York

Dr. Leonard Carmichael
Secretary
Smithsonian Institution
Washington, D. C.

Mr. Harold J. Coolidge
National Academy of Sciences
Washington, D. C.

Dr. Frank Fremont-Smith
Medical Director
Josiah Macy, Jr., Foundation
New York, New York

Dr. Harry F. Harlow
Department of Psychology
University of Wisconsin
Madison, Wisconsin

Dr. Donald Loughridge
Nuclear Power Engineering Division
General Motors Technical Center
Detroit, Michigan

Professor Herman Mark
Department of Chemistry
Polytechnic Institute of Brooklyn
Brooklyn, New York

Dr. Donald H. McLaughlin
Homestake Mining Company
San Francisco, California

Dr. Donald H. Menzel
Director, Harvard Observatory
Cambridge, Massachusetts

Dr. J. C. Morris
Vice President
Tulane University
New Orleans

Dr. Hans Neurath
Professor and Executive Officer
Department of Biochemistry
University of Washington
Seattle, Washington

Dr. Gerard Piel
President and Publisher
Scientific American
New York, New York

Dr. Glenn T. Seaborg
Chancellor
University of California
Berkeley, California

Dr. Frederick Seitz
Department of Physics
University of Illinois
Urbana, Illinois

Dr. Henry Bradford Washburn, Jr.
Director
Boston Museum of Science
Boston, Massachusetts

Dr. Paul Weiss
Member and Professor
Rockefeller Institute
New York, New York

Dr. Dael Wolfle
Executive Officer
American Association for the
Advancement of Science
Washington, D. C.

Many of the members of this Board have worked with, and have the respect of the departments and agencies of Government in various science fields. There has been a useful exchange of ideas between them and the agencies with the result that the agencies now present plans for participation which will be integral parts of the science theme and will produce an effective representation for the United States as desired by the Congress.

CONTENT OF FEDERAL EXHIBITIONS

With the cooperation of the National Science Foundation introductory areas will be created for the Federal exhibits in order to make initial presentations in each field of Science. These areas are planned to excite youth and adult interest in, and promote the understanding of, the four basic Science areas: Life Sciences, Energy, Man, and Space.

THE LIFE SCIENCES

In the area devoted to the "Life Sciences", exhibits will develop in a series of coordinated steps the major areas that biochemists and others are exploring in nature and in the processes of life. The understanding derived from years of basic scientific discovery will be projected into the future and related to the welfare of a much expanded world population in Century 21. How biology contributes to the rational choices that man can and must make today with respect to the survival of his species will be illustrated.

As an example of specific subject treatment, special emphasis will be placed on an exhibit that depicts the all important life creating and sustaining process of photosynthesis.

The Department of Health, Education, and Welfare will present medical exhibits such as research in chemical cures for cancer, testing against new hazards in radiation and new forms of drugs. Blood and tissue will be the subjects of presentations by the Department of Defense. The Department of Agriculture will provide exhibits on the subjects of breeding and genetics. They will also demonstrate new crops and display new techniques in improving animals.

The Atomic Energy Commission will delve into radiation plus studies in biosynthetic labelling, tumor localization, and parasite eradication. In addition to its task of exhibit and theme coordination, the National Science Foundation will present exhibits in such life science subjects as growth and behavior. The NSF intends to secure the cooperation of the National Academy of Science, private foundations, and educational institutions.

ENERGY

The theme of the "Energy" section is man's endless search for new sources of energy. A review of his accomplishments up to 1961 will be presented. The show will then proceed rapidly from conventional power to power from fission and fusion, and to the direct conversion of nuclear power without an intervening heat cycle.

Communications will demonstrate world-wide transmission by satellite repeaters. Weather predicting techniques, such as we have never imagined, that could save billions of dollars and countless lives will be demonstrated.

The Department of Defense will play a major role in the "Energy" section. This Department intends to cover the following subjects: Power sources--atomic power package, solar energy, cosmic rays, direct battery conversion of chemical to electric power, and shock tube programs. Other important topics will be crystal physics, crystal and whisker growth, high pressure and unusual fabrication techniques, etc. The Atomic Energy Commission will deal in reactors--fission and fusion models plus a small power source for satellites.

The National Science Foundation will contribute research in chemical engines. Saline water, hydroelectric power and metallurgy will be the principal areas of participation by the Department of Interior. The Federal Aviation Agency has been requested to present studies in fuels and propulsion systems. The Department of Commerce will round out the display with a maritime exhibit including atomic propulsion and hydrofoils, etc.

MAN

Man is greatly affected by the many forces that are at play within his environment. His reaction to these forces--in the past, the present, and the future--sets the theme for the exhibit in the "Area of Man."

Here will be shown those inventions and the results of science research that have eased man's workload, provided him leisure with dignity, and with new powers to heal himself, as well as the power to destroy himself. Here the visitor will see treated in exhibit form the coming population explosion and the restless search for food as a weapon for peace. In this area it will be clearly demonstrated that out of coming generations we must discover and encourage the scientists of tomorrow.

The Department of Defense has proposed environment and reaction studies. Health, Education, and Welfare is prepared to present exhibits concerned with geriatrics, educational advances and techniques, population explosion, and urbanization. The Department of Labor will tell the story of man at work throughout the ages. Particular emphasis will be placed on automation and its effect upon the working man and his future. New food sources will be the subject of exhibits by the Department of Agriculture. The story of the future of commerce, industry, and transportation will be told by the Department of Commerce. Conservation, fossil fuels, etc., will be the subjects of exhibits by the Department of Interior.

The National Science Foundation will provide basic science exhibits designed to assure continuity of theme. They will also contribute scientific direction and coordination.

A high percentage of the exhibits involved will be designed to have residual value. This will be true of the other theme areas as well.

SPACE

Space science is no longer science fiction. Within the Federal Government the National Aeronautics and Space Administration, the Department of Defense, the National Science Foundation, and the Weather Bureau and the Bureau of Standards of the Department of Commerce, and others, work around the clock on all phases of science problems created by man's challenge of space. Astronautical measurement, chemistry, cosmic radiation, communications, orbital mechanics, propulsion, medicine, and habitation are just a few of the problems.

The introduction to this science will be presented as an accomplishment of our Government. The National Aeronautics and Space Administration will make it possible for the visitor to see how information from satellites is transmitted for analysis in terms of its scientific significance. Such developments as have been analyzed by the time of the Exposition will be included in this exhibit, stressing the significance of the satellite as an exploratory scientific tool.

Past, present and future space vehicles and an actual 80-foot research rocket, models and demonstrations of propulsion systems will lead the visitor to a point where he can see a full-scale mook-up of the capsule in which the first American man will make space exploration. The problems that will attend such exploration will be illustrated and solutions proposed.

Space research for the benefit of mankind will be demonstrated. Forecasting, and perhaps even controlling weather by efforts in space will be shown. Recent earth-bound scientific accomplishments will not be ignored. The Bureau of Standards will demonstrate non-satellite methods of measurement of the earth's ionosphere. The National Science Foundation will present exhibits covering compilations and conclusions developing out of the International Geophysical Year and the Smithsonian Institution's proposal for astrophysical laboratories.

COST ESTIMATES OF THE FEDERAL PLAN

In order to house, construct, and operate the Federal exhibits as herein described, cost estimates have been made as follows:

FOR FISCAL YEARS 1960, 1961, 1962, 1963

Activity	Total Estimated Requirements
I. Construction Costs:	
A. Site development and construction	$5,003,550
B. Architectural services	200,142
II. Exhibit Program:	
A. Hall of Science	6,658,228
III. Administration:	
A. Personal Services	490,000
B. Other	148,080
Total Requirements	$12,500,000

IMMEDIATE RELEASE July 11, 1959

James C. Hagerty, Press Secretary to the President

THE WHITE HOUSE

The President issued a proclamation pursuant to which foreign countries will be invited to participate in the World Science-Pan Pacific Exposition (Century 21 Exposition), which will be held in Seattle from May 1961 to October 1962. The Governor of the State of Washington, Albert Rosellini, will also issue invitations to the several States of the Union to take part in the Exposition.

The proclamation is authorized under Public Law 85-880, which was approved by the President on September 2, 1958.

The Exposition will commemorate the centennial of the physical fixing of the boundary line between the United States and Canada. It will also depict the role of science in modern civilization and will express the varied cultures of the countries bordering the Pacific Ocean.

(over)

WORLD SCIENCE-PAN PACIFIC EXPOSITION

(CENTURY 21 EXPOSITION)

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS the World Science-Pan Pacific Exposition (Century 21 Exposition), to be held at Seattle, Washington, from May 1961 to October 1962, will commemorate the centennial of the physical fixing of the boundary line between the United States of America and Canada; and

WHEREAS the Exposition will also depict the role of science in modern civilization and will exhibit the varied cultures of the countries bordering the Pacific Ocean; and

WHEREAS the Congress, by an act approved September 2, 1958 (72 Stat. 1703), has authorised the President, by proclamation or in such manner as he may deem proper, to invite the several States of the Union and foreign countries to take part in the Exposition; and

WHEREAS such participation by the several States and foreign countries will contribute to the welfare of all participants by promoting domestic and international commerce and furthering understanding among peoples through the interchange of scientific and cultural knowledge; and

WHEREAS the Governor of the State of Washington will invite the several States of the Union to take part in the Exposition:

NOW, THEREFORE, I, DWIGHT D. EISENHOWER, President of the United States of America, do hereby authorize and direct the Secretary of State to invite, on my behalf, such foreign countries as he may consider appropriate to take part in the World Science-Pan Pacific Exposition: Provided, that no Communist de facto government holding any people of the Pacific Rim in subjugation shall be invited to participate.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this tenth day of July in the year of our Lord nineteen hundred and fifty-nine, and of the Independence of the United States of America the one hundred and eighty-fourth.

(SEAL)

DWIGHT D. EISENHOWER

By the President:

CHRISTIAN A. HERTER

Secretary of State

#.#.#.

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MEMORANDUM FOR THE SECRETARY

May 14, 1959

FROM: MR. Lindsay

Subject: Frear Bill (S. 200), To Provide Tax Relief in the Du Pont - General Motors Antitrust Suit

1. Facts

Du Pont holds 63 million shares of General Motors stock out of a total of about 281 million shares outstanding. In June of 1957, the Supreme Court held this investment violated the anti-trust laws, and returned the case to the District Court for a determination of "equitable relief". If the Court accepts the Justice Department's plan for carrying out the Supreme Court order, all of the 63 million shares of General Motors stock will be distributed pro rate over a ten-year period to the holders of Du Pont common stock. About two-thirds, or 43 million shares, of the General Motors stock held by Du Pont, would be distributed to the public stockholders of Du Pont, the great majority of whom are individuals. The balance would be distributed to the large corporate shareholders of Du Pont -- Christiana Securities and Delaware Realty, which are substantially owned by the Du Pont family.

The market value of General Motors stock today is in the order of $50 a share. Accordingly, the distribution over a 10-year period at today's market amounts to a distribution of stock with an aggregate value of over $3 billion.

The magnitude of the proposed distribution raises a question as to the impact of the tax laws on compulsory distributions under the antitrust laws.

2. Tax Trustment Under Existing Law

Under existing tax law, the General Motors stock received by Du Pont shareholders would be taxable as a dividend. This places a heavy burden on the individual shareholders of Du Pont receiving the divested General Motors stock, as compared with corporate recipients, because an individual must pay tax on the entire fair market value of the General Motors stock received at ordinary rates, whereas a corporate shareholder pays an effective rate of tax of 7.8 percent on the lesser of the fair market value or the

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cost to Du Pont of the General Motors stock. For example, an individual in the 50 percent tax bracket receiving a share of General Motors stock would pay a tax of $23 (based upon the present market value of $50), while the corporate shareholders would pay on income tax of approximately 16 cents for each share of General Motors stock received (7.8 percent of Du Pont's average cost of $8.10 a share for its General Motors stock).

Moreover, a dividend tax would fall as heavily on a new purchaser of a distributing corporation's stock whose purchase price would, in large part, have reflected the appreciation in the property distributed, as it would on a stockholder who obtained the stock in a distributing corporation at comparatively low cost.

3. Frear Bill (S.200)

Under the Frear bill (S.200) the Du Pont shareholders would pay no tax upon receipt of the General Motors stock since the distribution would be treated as a nontaxable stock dividend.

In support of his bill, Senator Frear has indicated that its purpose is "to facilitate the administration of antitrust policy by correcting a serious inequity in the tax laws". He also cites certain other instances in which the tax laws have been by Congress to provide for the nonrecognition of gain in the case of exchanges or distribution of property ordered or certified to be necessary by a Federal agency. It also should be noted that if Du Pont owned 80 percent or more of the General Motors stock, the distribution would have been tax free under existing law.

4. Position of the Treasury Department

The position which the Treasury Department proposed to take on the Frear bill is as follows:

(1) We propose to oppose complete nonrecognition of gain as provided by the Frear bill and, in the absence of overriding consideration of general public policy, oppose my special tax relief in this area.

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(2) If the Department of Justice takes the view that a change is the tax law is essential to facilitate antitrust enforcement, we believe consideration should be given to taxing the distribution of divested stock as a capital gain, which is the appropriate method for taxing a partial liquidation of the distributing corporation.

With respect to complete nonrecognition of gain as proposed in the Frear bill, we believe it is difficult to justify freedom from tax where the distribution has been ordered by a court because of a violation of the law when a voluntary distrubution of corporate property, in the absence of a law violation, is to be taxed. In this connection, it should be noted that the Du Pont investment in General Motors has increased from $8.00 to $50.00 a share without any tax having been paid on such appreciation.

The precedents sited by proponents of the Frear bill for tax-free treatment are not controlling in that they either involve situations where the Congress enacted a new law making previously legal and proper holdings illegal or that involve a change in policy, or adoption of a new policy, by a regulatory Commission. Such a rule would be difficult to apply in connection with the administration of the Sherman and Clayton antitrust laws.

5. Reasons for Home Tax Relief

It is recognized that ordinarily dividend treatment bears heavily on individual shareholders. If the law were mended to give partial liquidation treatment to the Du Pont shareholders, discrepancies in the tax treatment of distributions of General Motors stock as between corporate and individual stockholders would be eliminated. Shareholders whose stock in Du Pont has appreciated in value would pay an immediate capital gain tax on that portion of the appreciated value allocable to the General Motors stock they receive. On the other hand, a shareholder who purchased Du Pont stock at a price at or about the current market level would have little, if any, tax to pay.

A distribution of General Motors stock pursuant to a court order enforcing the antitrust laws more closely resembles a partial liquidation of Du Pont, under the underlying pattern of our tax laws, then a nontaxable distribution. Where property is required to be distributed because the effect of its acquisition may be to restrain commerce or tend to create a monoply of any line of commerce, such distribution would ordinarily represent a true contraction of the business of the distributing corporation, and hence a partial liquidation, provided part of the stock of the distributing corporation is redeemed. In the Du Pont case, however, the proposed distribution of General Motors stock, even if properly regarded as a true business contraction, cannot qualify as a partial liquidation, because no Du Pont stock is to be redeemed by shareholders of that company in exchange for the General Motors stock.

NATIONAL ARCHIVES AND RECORDS SERVICE

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	1.Cabinet Paper for Consideration CP-59-95 re emergency plan	4/23/59	A
	2.Emergency Plan	4/59	A
	3.Cabinet Paper for Action CP-59-95/1 re emergency plan	8/20/59	A
	4.Emergency Plan	6/59	A

FILE LOCATION

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	1.Annex A to emergency plan	6/59	A
	2.Annex E to emergency plan	6/59	A
	3.Cabinet Paper for Information CI-59-60 re emergency documents	5/18/59	A
	4.Notes on Legislative Leadership Meeting (copy; original in Legislative Leaders Series)	5/19/59	A

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CI - 59-58

January 22, 1959

The White House

Washington

THE CABINET

Library

Revised General Plan for the American National Exhibition in Moscow

For information of the Cabinet, attached is a copy of the latest version of the planning document for the American Fair scheduled to open in Gorki Park, Moscow, on July 4, 1959.

This document, prepared by the Office of the American National Exhibition, sets forth the twelve themes of the exhibition and under each describes the methods by which these themes are to be presented.

The attached paper is for background in conjunction with the discussion of this subject at the Cabinet meeting of January 23, 1959.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

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CI - 59-58

January 22, 1959

The White House

Washington

THE CABINET

Revised General Plan for the American National Exhibition in Moscow

I. LAND AND PEOPLE

A. Physical Characteristics and Political Geography - Large map of the U. S. showing Topography and Political Geography, including states, state capitols and major cities.

B. America Today - Circarama and Dome Films.

C. Gallery of Americans - Dome Perimeter.

Library

II. AMERICA LIVES

A. Physical Appearance - Farm, Village, Town, City, Suburbs (showing close parallel between rural and urban housing, facilities and living standards) - Dome films and Circarama.

B. City Planning - Philadelphia Exhibit.

C. The Home.

1. Prefab house with complete furnishings including mailbox, lamp post, trash can and "street furniture."
2. Model apartment emphasizing space saving, multi-purpose furniture.
3. Home furnishings section showing latest in home furnishings and accessories and featuring plastic, hard and foam rubber items where possible.
4. Garden equipment and home workshop tied to "do-it-yourself" show.
5. Statistics on home ownership - Ramac and Prefab House.

III. AMERICA WORKS

A. Places of Work - Dome films (factories, mines, construction, farm, forest, etc.)

B. Labor Story - in consultation with Dept. of Labor.

C. Office Equipment - typewriters, transcribers, calculating machines, etc.

CABINET PAPER

For Information

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IV. AMERICA PRODUCES

A. Agricultural Story - Dome films and in consultation with Dept. of Agriculture.

1. Family farm - Model, full-scale barn with farm equipment.

2. Light farm equipment - pickup truck, tractor with all attachments, etc.

3. Farmer coops, etc. - Dome films.

B. Industry

1. Decentralization and specialization - Dome film showing production various auto parts all over U. S. and assembly Detroit, etc.

2. New and growing Industries - Dome films on synthetics, rubber, light metals; synthetics story (Dupont).

3. Printing and Distribution of Exhibition Program through information booth.

4. Food and beverage - preservation and vending - sale.

5. Textiles - machine turning out synthetic fabric (nylon, dacron) - industrial sewing demonstration.

6. Automatic machine stamping out plastic souvenir.

7. Construction equipment - prime movers, dumpers, etc. (LeTourneau).

8. Precision instruments, testing equipment, etc. (per Soviet List)

9. Medical and Dental equipment - artificial limbs, hearing aids (transistor), glasses (per Soviet List).

V. AMERICA CONSUMES

A. Marketing Approach.

1. Mail order catalogs and consumers's guide.

2. Industrial design - 20 - 30 items winning "Best Design Awards."

3. Packaging - in terms of design and efficiency.

4. Consumer research - Ramac.

V. AMERICA CONSUMES (Cont'd)

B. Kitchen Equipment and Kitchens.

1. DeLuxe kitchen (demonstration).
2. Apartment kitchen.
3. Prefab house kitchen.
4. Kitchen equipment and utensils giving priority to plastic, rubber and aluminum items.
5. Electrical Appliances.
6. Food demonstration (including packaging, preservation, cooking, ready mixes, frozen foods, canned foods).
7. Snack bars and/or automatic food and drink vending machines.
8. Clothing and fashions for men, women and children, including shoes, haberdashery, costume jewelry, wrist watches - clothing for all seasons and all purposes; emphasis on synthetic materials.
9. Cosmetics and Beauty Aids.
10. Home Sewing demonstration (Singer).

VI. AMERICA LEARNS

A. Education and Educational Exchange Story - in consultation with HEW, IES and IIE - Dome and Dome films.

B. College Catalogs.

VII. AMERICA EXPLORES MAN AND THE UNIVERSE

A. Organization of Research - Dome films or pamphlet including pure Scientific Research.

B. Medical Research - in consultation with HEW.

C. Agricultural Research - in consultation with Dept. of Agriculture.

D. Nuclear Research - in consultation with AEC.

E. Technical Marvels.

1. Ramac.
2. Flying platforms.
3. Prototype automobiles (flying Ford, etc.) (at least one good prototype).
4. Inflatable airplanes (Goodyear).

F. Chemical Research - synthetics story (DuPont).

G. Space Research - in consultation with NASA.

H. Social Sciences - Book display, Gallery of Americans, Dome film.

I. Philosophy - Book display, Gallery of Americans.

VIII. AMERICA CREATES

A. Architecture - Form-Givers of the Twentieth Century. Architectural models, story on dome fabrication.

B. Painting - AFA.

C. Sculpture - AFA.

D. Music - Records, record covers, catalogs, sheet music, musical instruments.

E. Film, theater and ballet (depending on cultural pavilion).

F. Reading Room for Books.

G. Reading Room for Newspapers and Periodicals.

H. Photography - !"Family of Man" Exhibit.

IX. AMERICA TRAVELS

A. Road Network (motels, service stations, restaurants, etc.)- Dome films and Travel Bureau.

B. Travel Bureau - U. S. travel information, posters, pamphlets, maps.

C. Cars - Standard models and at least one prototype.

  1. List of Standard models submitted.
  2. Possible prototype - Flying Ford or Futuristic Ford.
  3. Cutaway demonstration model of Chevrolet Impala showing engine in motion as well as "Air Ride" suspension, which elevates for more road clearance.
  4. In connection with outdoor sports exhibit: a) Chevrolet Corvette sports car, b) Chrysler Convertible, c) Ford Station Wagon especially equipped for camping.

D. Trucks and Trailers and Special Purpose Vehicles.

  1. Pickup for family farm.
  2. Transcontinental semi-truck/trailer (Fruehauf).
  3. Small collapsible camping trailer and one completely furnished house trailer (See all Aluminum 24 ft. Fleetwind house trailer by American Trailer Co.)
  4. Fire engine - hook-and-ladder (with demonstration).
  5. Ambulance.
  6. Snow plow/remover.
  7. Street cleaner.
  8. Jeep with all attachments.
  9. Greyhound Scenicruiser.

IX. AMERICA TRAVELS (contd.)

E. Automobile Accessories and Equipment (including tires and tire-testing equipment) (See Soviet List).

F. Schweitzer Do-it-Yourself Glider.

G. Bus, Railway, Truck and Air Transport - Dome Films.

H. Communications - Telephone exhibit including automatic exchanges, multi-colored telephones, telephone books, etc. (See Soviet List).

Library

X. AMERICA PLAYS

A. Sports Equipment (See Soviet List).

  1. Outdoor - Alpine, hunting, fishing, camping, skin diving, amateur aviation, motorcyclist, racing, hockey, figure skating - bicycles and motorcycles - tennis balls and racquets, vaulting poles, 8-man scull, skiing.

  2. Indoor - balls, boxing gloves and equipment, chess sets (including electronic chess playing machine).

B. Prefab Summer Lodge.

C. Boats - sailboats, motorboats (inboard and outboard), canoes, kayaks - emphasize smaller craft of type widely owned in U.S. and plastic/fibre glass construction.

D. Photographic equipment - all types including polaroid cameras, motion picture equipment for home use, color photography, kits for developing and printing - consider including some professional equipment.

E. Do-it-Yourself with Home Workshop.

F. Toy Exhibit.

G. Playground.

H. Radio, TV sets and Videotape, Tape Recorders.

I. Color TV.

J. Hi-Fi-Stereo with Listening Facilities.

XI. AMERICAN COMMUNITY LIFE

A. Public Health Story - in consultation with HEW.

B. Community - sponsored Orchestras (map).

C. Social and Voluntary Organizations (disbursed throughout exhibit).

D. Community Contact with Soviet Exchange Visitors and Soviet Exhibition in New York - Dome Films.

XII. OPINION POLL

A. Voting Machines and Comment Books.

Reference

I. ORGANIZATION

Chart No. 1

A. Canal Zone Government

Enclosure 1
Page 1

(1) **Responsible for functions common to Local and State Government**

(2) **City Management**

- a. **Closely akin to a city municipality**
- b. **Functions of**
    - 1. **Schools**
    - 2. **Hospitals**
    - 3. **Police and Fire**
    - 4. **Roads, Streets, Sewers**
    - 5. **Civil Defense**

(3) **Relations with Panama**

- a. **Close relationship at working levels on**
    - 1. **Customs, Police, Fire, Spanish Language Schools**
    - 2. **Political**
        - (a) **Treaty Questions**
        - (b) **Sovereignty**
- b. **Relations conducted at top level**
    - 1. **Governor**
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(b) Paid $59.1 million for 7 years ended June 1958	
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(2) Elimination of Duplication of Activities

a. Savings to U.S. Government as a whole

(3) Togetherness in problems concerning relations with Panama

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a. Canal Zone Merit System

1. Applicable to both
2. Employees on same basis

II. TRAFFIC — Chart No. 3

A. Growth Since World War II — Enclosure 1 Page 5

(1) Steady rate

(2) Annual growth rate 5.7 per cent

(3) Daily average 1947 13.4 per day

(4) Daily average 1959 26.9 per day

Increase of 100 per cent

(5) Current traffic level — Enclosure 1 Page 6

a. 29 ships per day projected for FY 1968
b. Traffic 9 years ahead of Stanford Research forecast

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B. **Delays to Traffic**	Part VI Page 9-12
(1) Holdovers	
a. 26 January 1959; February 82; March 50; April 50	
b. Costly to shipping industry	
1. By 1971 - $3,660,000	
2. By 1983 - $12,179,000	
3. By 1996 - $86,500,000	
(2) Clear Cut Transits	Enclosure 1 Page 6
a. Increase in number and size of ships requiring clear-cut transit	Part VI Page 3
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(1) U.S. Cargo moving through Canal	Page 1-4
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(5) Canal Vital to Economy Latin American Countries

a. Imports-Exports through Canal
Chile - 84%
Peru - 72%
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Colombia - 27%
All South America - 8%

D. Capacity Short of Demand

(1) Increasing needs to get commodities to and from those countries

(2) As demand for commodities grow

a. More ships using Canal
b. Demand will exceed capacity

	Reference
III. CURRENT CANAL IMPROVEMENTS	Chart No. 4 Part IV Page 7-8
A. Cost $20 million (Short Range Study) plus 6 million for new towing locomotives	

(1) Started FY 1956, complete FY 1962

(2) Will give U.S. capacity until mid-1970's for all except largest ships and aircraft carriers

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	Reference
B. Projects	
(1) Widen cut to 500 feet - will reduce length of 300 foot section from 8 to 4 miles. Will reduce effect of clearcuts by at least 50%	**Photo No. 5** **Photo No. 6**
(2) Cut and locks lighting - will allow effective 24 hours operation by permitting passing in cut at night (now all after-dark traffic is clearcut)	
(3) Mooring Station - will permit lockages at Pedro Miguel of 2 additional ships while waiting for clearcut	**Photo No. 6**
(4) Replace Towing Locomotive - will provide more efficient operation and increase lockage capacity	
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1. Stanford Research economics	
2. Parsons, Brinckerhoff, Hall and Macdonald - update engineering and costs to assure recognition of modern construction practices	
3. Gibbs and Hill - scheduling techniques for improved traffic scheduling and monitoring	
4. Office of Chief of Engineers - relative vulnerability of lock and sea level canals	
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(5) Plan IV - $2.29 billion	**Part VII** **Page 11-12**
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a. Practical problems of techniques and explosive development to assure minimum fall out	Enclosure 2
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Public relations involved in use of nuclear explosives	
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V. SUMMARY	Enclosure 1 Page 7-8
A. Prompt solution to problem needed	
(1) Capacity being reached - March transits at 1968 level - May transits at sea level	
(2) Holdovers expensive	Part VI Page 12
a. Cost shippers - $3,000 per day	
b. By 1971 - delays - cost shippers $3,660,000; 1996 $86.5 million	

Reference

(3) Cost of operation - Lock Canal

- a. Increase due to rising labor costs
- b. Deficit by 1971 - existing tolls

(4) Cost of operation - Sea Level Canal — Summary Page 9

- a. Better economic results in future years
- b. Smaller operation and maintenance labor force
- c. Lower costs - permit operation with lower tolls

ENCLOSURE NO. 1

I. Organization

A. Government

1. City Management

The Canal Zone Government is responsible for the function of state and local government. It is closely akin to a city municipality in that it provides schools, post office, hospitals, police protection, fire protection, maintenance of streets, highways, public areas and facilities, care of grounds, and civil defense. These facilities are capably administered by professionally qualified civil service employees.

2. Relations with Panama

The Canal Zone Government enjoys a close relationship on the working level with the Republic of Panama in matters concerning customs, police, fire, civil defense and Spanish language schools. On the political scene the problems arising from treaty questions, attacks on U.S. relations with Panama, sovereignty and the like are handled through the office of the Executive Secretary, who acts as the Canal Zone's department of state. These problems and others are handled by the Executive Secretary and the Governor at top protocol levels.

B. Company

The Panama Canal Company which operates the Panama Canal and its related business-type activities, is a corporate agency of the United States Government. Public Law 841, 81st Congress, which established the Panama Canal Company/Canal Zone Government organization, placed the civilian organization, which operates the Canal enterprise, on a fully selfsustaining, commercial basis, including the cost of operations of the Canal Zone Government function. Under the Panama Canal Company Act the Panama Canal Company is required to recover as nearly as practicable all costs of operation and maintenance of its facilities, including depreciation. The Company is also required to pay interest to the United States Treasury on the net direct investment of the U.S. Government in the Company, and to reimburse the U.S. Treasury for the annuity payments to the Republic of Panama under the 1936 Treaty, and the net costs of operation of the Canal Zone Government, including depreciation of fixed assets. The enterprise is designed to be self-sustaining, and the Company finances its operations out of its own corporate fund. Appropriations can be sought either for additional capital needs or to cover losses. However, no appropriations have been sought by the Panama Canal Company since its formation in 1951. From 1914 to 1951 the Panama Canal operated as an annual appropriation agency of the U.S. Government.

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Annual appropriations were made to cover all operating costs and all tolls, fees, taxes and fines were turned into the U. S. Treasury.

Interest paid to the United States Treasury amounts to approximately $8.8 million per year and totals $59.1 million dollars for the seven years ended June 30, 1958.

The net cost of Canal Zone Government amounted to $10.7 million in fiscal year 1958, and for the seven years ended June 30, 1958 totaled $72.0 million. In addition, the Panama Canal Company has returned to the U.S. Treasury as a dividend capital repayments totaling $15.0 million.

Net income since 1951 totals $22.9 million.

C. Essentially an Engineering Task

Since 1914, when construction ended and maintenance of the Canal began as much material has been dredged in maintaining the Canal as was excavated during construction.

The Panama Canal is now operating on a record scale, and its capacity is at times exceeded, especially during periods when single lane lock operation is necessary, such as during overhaul. The increase in number and size of commercial vessels is causing increasing delays during these periods. To improve this situation the Canal Company is undertaking a four-year program to improve the safety of navigation and to increase the capacity of the Canal. These improvements, estimated at approximately $19 million, include the widening of portions of Gaillard Cut, Locks and Cut lighting, and the construction of mooring stations north of Pedro Miguel Locks.

In addition to this four-year improvement program now underway, a long range study is being completed showing the volume of traffic that will be placed upon the Canal between 1976 and the year 2,000. This Long Range Study is in part an updating of construction procedures and cost estimates for certain plans developed in the 1947 Isthmian Canal Studies, and in addition presents a new solution to the problem based on recent engineering and economic studies.

One of the problems affecting the capacity of the Canal is the five-year maintenance task required for overhaul of the Locks. Each set of locks undergoes an overhaul each five years. Whenever it is necessary to take a lock lane out of service to overhaul various gates and valves the capacity of the Canal is seriously reduced. During these periods the capacity of the Canal is equal to the lockage output of a single lock lane operated around the clock with relay lockages. Under present overhaul procedures, the average outage time for a lock overhaul is approximately six weeks per lane.

D. Close Relationship with Armed Services

The Panama Canal Company/Canal Zone Government maintains a close relationship with units of the Armed Forces on the Zone. To prevent duplication of activities and effect operating savings to the

U.S. Government as a whole, the Canal Zone Government provides schools, hospitalization, police and fire protection for the Armed Services. There is a close relationship at all times in common problems occurring in relations with Panama, employment and wage systems, and the supplying of certain stores and construction material.

II. Traffic

A. Growth Since World War II

Since World War II traffic through the Canal has been growing at a steady rate. Transits during this period have increased at an annual rate of 5.7 per cent per year. The daily average number of ocean-going transits in 1947 was 13.4 per day. During the current fiscal year, 1959, they will average 26.9 per day for an increase of 100 per cent.

Now averages do not tell the entire story. Since January of this year we have been experiencing a surge in traffic. During March, 29.2 ocean-going transits passed through the Canal, on the average, each day. During the week of March 8th an average of 31.6 ocean-going transits passed through the Canal. Traffic in April was just slightly lower at 28.40 transits per day and for the first 11 days of this month ocean-going transits have returned to the higher level of 29.2 experienced in March.

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This current level of traffic at about 29 ships per day is what is projected for FY 1968. We are therefore running at a rate that is nine years ahead of the Stanford Research Institute forecasts.

B. Delays

Delays to ships transiting the Canal have been increasing. In January 26 ships were held-over, in February the number increased to 82 for the month, in March there were 50 hold-overs, and in April there were 50 hold-overs. These delays to shipping are costly to the shipping industry.

Our capacity is constantly being reduced by an increase in the number of ships requiring clear-cut transits. We are now averaging 3.2 transits per day which require clear-cuts and frequently range up to seven in a single day.

C. Increasing Importance of Panama Canal to United States Industrial Machine

Cargo moving through the Canal from the United States to foreign countries totals some 27,225,000 long tons; intercoastal cargo in FY 1958 totaled 4,666,000 long tons - a total cargo movement from the United States of 31,891,000 long tons. This is 66.3 per cent of the 48,125,000 long tons of commercial cargo through the Canal in FY 1958. More important is the flow of raw materials to the United States from Latin America. Outstanding movements are 10 per cent of United States oil needs; 58 per cent of the Bauxite; 12 per cent of Tin, Antimony, Tungsten; and 30 per cent of the world Copper.

The Canal is vital to the economies of several Latin American countries in reaching world markets. Several South American countries depend for the major part of their economy on the Canal. The imports-exports through the Canal total 84% for Chile, 72% for Peru, Ecuador 85%, Colombia 27% and all South America 8%.

As these Latin American countries continue to increase their output of raw materials and correspondingly increase their imports of raw materials and manufacturing goods essential to their growing economy there will be an increased demand upon the Canal by shipping serving these countries. This increased demand, substantiated by the Stanford Research Study, further highlights the immediate need to definitely plan for increasing the capacity of the Canal within the next ten years.

III. Summary

The capacity of the Canal is now being reached. In March 1959 transits were at the 1968 level. These periods of high traffic volume point up the need for a prompt solution for increasing the capacity of the Canal. As traffic through the Canal increases, coupled with forced delays due to locks overhaul, the cost to shippers will increase. Beginning in 1971 it is estimated that cost of delays due to lock miter gate overhaul, plus delay due to peak traffic, will cost shippers some $3,660,000. This cost of delay continues to increase with each overhaul year, amounting to $12 million in 1983 and reaching a total of $86.5 million by 1996. These delays will continue as long as a lock-type canal is in operation.

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The cost of operating a lock canal will continue to increase due to rising labor costs. At present tolls rates the Improved Present Canal can be expected to operate at a deficit by 1975. The two Third Locks Canal plans show better earlier margins than does the Zone Sea Level Canal plan, but these advantages disappear toward the end of the century.

The Sea Level Canal plans will yield better economic results in future years because they require materially smaller operation and maintenance labor forces and are less affected by increases in salary and wage rates. Less than 350 employees would be required to handle all transiting and marine operations for any of the Sea Level Canal plans whereas over 3,000 are required to handle like operations for the present Canal and the number would be increased for either of the Third Locks plans. When supporting activities are added the related force requirements are approximately 13,000 for the locks canal and 600 to 900 for the Sea Level Canals. The difference in payrolls is approximately $40 million per year in favor of the Sea Level Canals.

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ENCLOSURE NO. 2

Three Minute Talk on Nuclear Construction

(By Mr. Roderick)

During the process of reestimating the construction costs of various canals, the possibility of canal excavation by nuclear means came to my attention. In a document titled "Ploughshare Series" published by the University of California Radiation Laboratory in September 1958 an AEC scientist discussed the possibility of excavating a canal across the American Isthmus at locations some 110 and 190 miles southeast of the present canal.

We have now discussed this possibility for two locations with Doctor Gerald Johnson, head of the Lawrence Radiation Laboratories of the University of California. This laboratory is a contractor to the AEC. Doctor Johnson has made an aerial inspection of the sites, and has worked with our Engineering consultants in the preparation of construction plans, schedules, procedures and estimates.

The advantages of nuclear construction are in the low cost of excavation (now estimated at about 6 cents a cubic yard), short construction period, and a resulting very wide and deep canal which will need little if any maintenance. The operating force would only be a few hundred people, compared to more than 10,000 required to operate and maintain a lock canal.

Nuclear blasts must be kept approximately 25 miles away from inhabited areas. A number of areas on the American Isthmus meet this requirement, including the two studied. The problem of producing a "clean" explosive, one with little or no residual radiation and fallout, is reportedly within our capabilities. Doctor Johnson feels that a suitable explosive with these "clean" characteristics can be made within two or three years, based upon present knowledge.

In short, a sea level canal sufficiently wide to minimize maintenance and operating problems can be produced allowing four years for the development of effective techniques, and two years for actual construction at one location and four years at the other.

What is more, the approximately $3/4 billion total cost for excavation and construction at one location and $1-1/4 billion at the other location is mostly for drilling and preparatory work. The explosive charges themselves will cost less than half of the total cost of construction, and these costs are becoming less expensive each year as national facilities and know-how increase.

In a nuclear canal, whether in Panama or Colombia, the great problems are neither technical nor financial. The major problems will be in the field of international relations. Essential treaty rights to permit this type of canal will entail diplomatic arrangements and expense. It may at the same time be possible to reduce in the long run the difficulties inherent in operating the present lock canal adjacent to the population center of the Republic of Panama.

WSJ 5/6/59

VOL. CLIII NO. 88 ★

Panama Canal Pinch

Traffic Jam Spurs Plans For Expansion; Boost In Panama's Take Likely

U.S. Mulls Sea-Level Canal, Artery Across Nicaragua; Panama's Parties Mobilize

Probable Upshot: Higher Tolls

By HENRY GEMMILL

Staff Reporter of THE WALL STREET JOURNAL

CONTRACTORS HILL, Panama Canal Zone—White-helmeted Mike Esielonis, brawny engineering graduate of Columbia University, is drenched in the first torrential downpour of the rainy season—the drops on his right trickling toward the Pacific, those on his left to the Atlantic. "The rock we are standing on is 350 feet above sea level," he remarks. "In two years there'll be nothing here but bugs flying in thin air with the canal running underneath."

As project manager for Merritt-Chapman & Scott, he will be helping to drill, blast and move away 8.4 million cubic yards of this hummock to make a long stretch of the Gaillard Cut 200 feet wider than its present 300 feet. This $12 million scooping of the Continental Divide is intended to solve—in part and temporarily—one of two great troubles now confronting the 45-year-old Panama Canal:

The world is insisting on building ships far too large for the ditch to handle efficiently and on sending them through in growing hordes which have been unanticipated.

One miniscule part of the world—the Republic of Panama—is putting a political squeeze on the Panama Canal Co., the U.S. Government agency that runs the canal, aiming to milk it for more money.

Tackling the Problems

Here in the Canal Zone can be seen urgent attempts to tackle the first problem. Across the border in Panama can be sensed an expectation that before too long the United States will again, as it has done in the past, reluctantly give ground on the second issue.

Making a grab for canal property or money is the traditional road to political success in Panama. In Panama's current political instability, Panamanians once again have turned eagerly to this popular issue. Last week's revolt, which collapsed just before the weekend when 81 invaders, chiefly Cubans, surrendered, is only the latest evidence of this instability.

Both the canal traffic jam and the new Panamanian push for greater canal revenues are likely to cost Americans many millions of dollars.

The boom in canal business has confounded all careful predictions. Last month, 830 large ocean-going vessels squeaked through the isthmus, 96 more than a year ago and double the number that passed through in most months as recently as a decade ago. Counting smaller craft, a record 3,819 vessels inched through the locks in the January-April period; it had not been expected that traffic would become so dense before the late 1960's.

Ore and lumber are supplying the biggest tonnages. Phosphate movements from Florida to Japan are breaking records; banana shipments to the U.S. East Coast are surging upward; European cars are moving heavily to the West Coast. California residual oils (chiefly heavy fuel oil) have been heading from the Pacific to the Atlantic while Venezuelan crude has been streaming through in the opposite direction to fill West Coast import quotas. Grain ships, wine tankers and freighters carrying everything from caraway seeds to brake fluid are passing through in increasing numbers.

"A Continuous Debate"

Often these ships are being delayed for as long as 18 costly hours. Many, because of draft limitations, have to go through only partly loaded. "We have a continuous debate with big iron ore shippers," comments one canal official, "because if we'd let them load a carrier to draw just one more foot of water it would mean $1,000 to them each trip."

The trend to gigantism in shipbuilding is so pronounced there are now 110 of the world's newest, most important commercial vessels drawing too deep a draft to go through the canal fully laden—and 121 more of them currently on the ways or under construction contract. Besides these there are 14 others afloat that are too wide to go through the locks even without cargo and 15 more of them abuilding (40 naval vessels, notably U.S. aircraft carriers, are likewise too broad in beam). And these figures actually understate the problem since lines building craft specifically for the Atlantic-Pacific trade now are forced to scale down desired designs to fit canal tolerances.

To move more ships through faster, the canal company is working crews overtime and rescheduling leaves of absence. It's trying to hire a dozen experienced young pilots. It's experimenting almost nervously with new techniques, such as using tugs astern instead of ahead of big ships to help them maneuver through the tricky twists of the Gaillard Cut. It's trying out new lighting systems to speed night-time traffic and is assembling a 250-ton crane to try a new scheme for quick overhaul of lock gates.

It has budgeted $1 million for a new supertugboat with a variable pitch propeller. It's ordering new electric locomotives more than twice as powerful as the original "mules" still in use which pull ships through the locks at Gatun, Pedro Miguel and Miraflores. It will widen the canal here and at another point.

Steps such as these will do nothing toward accommodating bigger boats with bigger loads; they'll merely help handle a greater number of ships. Even on that score authorities figure these are stop-gap measures which perhaps will work for a decade or so, when a rising volume of traffic will swamp the canal unless it's basically altered. And since basic alteration may be very nearly a 10-year job, a decision to get started on it is rated rather urgent.

Alternative schemes—some far more radical and more costly than others—now are being pondered by the National Security Council in Washington and by the House Merchant

Please Turn to Page 16, Column 1

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Panama Canal Pinch: Traffic Jam Boosts Need for Expanding Artery

Continued From First Page

Marine Committee, which has engaged its own engineering consultants, including General Leslie Groves of Manhattan Project fame.

The cheapest, bearing a $61 million price tag, would not attempt to break the bottlenecks at the locks but would deepen the 42-foot channel by five feet and turn over the job of traffic control to automatic monitors and a central electronic brain. The most expensive, over $4 billion, would throw a new lock canal across Nicaragua.

Little more than $1 billion would buy a "completely modern" lock canal here, including an extra set of locks 200 feet wide (compared with 110 feet for the old ones) and 1,500 feet long (against 1,000 feet for the old ones).

And for an estimated $2.5 billion, the old dream of whittling the Panama Canal down some 85 feet to sea level could be achieved; this is being given very serious consideration. The old argument that a sea level route would be less vulnerable in wartime is losing strength since the canal's military role is diminishing, but the simplicity of moving vast commercial traffic is attractive.

Nevertheless there never can be a completely lock-free canal across the isthmus because the tides of the Pacific normally rise and fall 22 feet, against a two-foot variation on the Atlantic; if unhindered, the oceans would rip first in one direction, then the other. So even a level canal would require one sea lock at the Pacific entrance for use at certain hours.

Construction of such dimensions might well require increasing tolls which almost miraculously have remained essentially unchanged ever since the ditch opened for business in 1914. The fees: 90 cents per "measurement ton" for loaded ships, 72 cents for those in ballast. A "measurement ton" is not really weight but space: 100 cubic feet rated usable for revenue purposes.

Railroad and Ship Line

These tolls, along with even greater revenues from such services as ship repairs, the Panama Railroad (the first transcontinental line, in service since 1855), and a steamship line from Cristobal via Haiti to New York, have financially supported not only operations of the canal company but all costs of Canal Zone government, such as schools from kindergarten through junior college. With gross revenues of $83.1 million in the fiscal year ended last June 30, after all expenses the company had $2.6 million left over as net.

Tolls could rise, too, if Panamanians succeed in getting their fingers deeper into the till as they are now trying valiantly to do.

Once there was a day when this land was unsophisticated, delighted merely to have Teddy Roosevelt's help in gaining independence from Colombia and thankful for the jobs the canal was to provide. The 1903 treaty granted the U.S. its Canal Zone for a scanty $10 million down payment (only one-fourth of what we'd paid for the rights held by the old French canal company which had failed to create a waterway), plus a $250,000 annual payment.

As the U.S. began cleaning up this fever-ridden isthmus, the populace and the government were almost pathetically grateful. When the canal builders created the first system supplying clean water to the capital city of Panama in 1905, for instance, a special mass of thanksgiving was held in a cathedral with the President and Cabinet in attendance.

No more. Panama politicians now are as wily as those of the U.S. farm bloc and determined to capitalize on their bargaining power. To do so, they are constantly trying to modify the legal status of the Canal Zone—so it's perhaps worthwhile to begin by examining the law.

The 1903 treaty did not make the Canal Zone a possession or territory of the U.S., nor did it unambiguously place it in under American sovereignty. Instead, the pact perpetually granted the U.S. "all the rights, power and authority" which it would possess "if it were the sovereign."

Though this was granted "to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights," the Panamanians repeatedly have maneuvered in attempts to re-establish their authority. In 1956 they supported the right of Egypt to nationalize the Suez Canal with the implication Panama could do the same here. Last year politically-excited university students stormed over and planted the Panamanian flag on zone soil.

Surrounded by Panamanian Waters

Currently one government tactic is to claim Panamanian waters extend 12 miles offshore. Since Canal Zone boundaries extend only three miles out to sea, this doctrine, if recognized, would leave the canal surrounded on both ends by Panamanian waters and the republic could, at least in theory, collect its own tolls for passage through them.

Though its legal position has grave weaknesses and its military strength is next to nil, Panama has learned how to use street demonstrations, occasional riots and powerful oratory to induce the U.S. to grant concessions, rather than be subjected throughout Latin America to propaganda about "imperialism and colonialism." In 1936 it got the canal annuity boosted to $450,000. In 1955 the campaign cry of "we don't want alms, we don't want millions, we want justice" succeeded in winning millions.

The annuity has been more than quadrupled to $1,930,000. Property held by the canal company within the republic—rail stations and yards, a hotel, a hospital and housing—has been given to Panama to the tune of $25 million. A big $20 million bridge was promised and is now abuilding. The canal company has turned over to Panamanians most of the business of selling ship supplies, and shut down its own slaughterhouse and a number of other industrial ventures to give more business to Panama.

Canal Zone commissaries have been closed to all except U.S. citizens and other employes living within the zone, for the benefit of Panama merchants, and since this adversely affected thousands of canal employes the U.S. has forked over a compensating wage boost. Nearly $5 million was contributed retroactively by the company to bring non-U.S. employes under the Civil Service retirement system.

A Wage Boost Demand

Now new claims are being pressed. President Ernesto de la Guardia, dissatisfied with the company's interpretation of a so-called single wage pact covering American and Panamanian employes, has presented to President Eisenhower within the last few days demands that Panamanian workers in the Canal Zone be given pay increases which would cost an estimated $18 million annually. Smiling, dark-haired William Sinclair, Nicaragua-born representative for the unions of Panamanian workers in the zone, is frank to say that the Panama government wage demands exceed what he considers realism. He notes, for instance, that pay for rough carpentry in the zone now runs from 75 to 80 cents an hour, or about double the going rate of 35 to 40 cents paid in the republic for the same work.

Aristides Wilson Pinzon, affable Panamanian leader of the unions within the republic, nods agreement and remarks that while the wealthy politicians of Panama are constantly urging higher pay in the zone, they have yet to establish any minimum wage law to cover workers they themselves employ. "Sometime this month I do expect a presidential commission to recommend a 40-cent hourly minimum for workers in our clothing industry who now are being paid around 18 cents an hour," he says. "But whether the legislature will pass it is another question. In the Canal Zone even an unskilled worker is guaranteed 50 cents an hour and hardly anybody makes less than 60. Some of our politicians with estates in the interior are paying their people $1.50 for a full 12-hour day."

In Panama the "interior" is any part of the country a few miles away from the canal, even though it may be on the coast.

Seeks "Security" Jobs

President de la Guardia also is demanding that many of the 2,000 canal jobs reserved for Americans because of "security" reasons be handed over to Panamanians. Labor leader Sinclair is inclined to think the security classification has not been used too broadly, though naturally he would like to see his members get more jobs. Actually, Yank citizens hold only about 3,500 out of 13,700 jobs in the zone, not counting the armed forces. Many of these can hardly be classified as intruders or carpetbaggers; a good proportion was born here in the zone. One of them, young Dick Pincus of the canal company's engineering division, comes from stock that has been on the isthmus for four generations.

Panamanian businessmen are eager for still more business from the Canal Zone. They publicly protest the fact the canal company is buying some high quality beef from New Zealand at prices lower than those charged for low grade Panama beef. They cast an eager eye toward the few remaining canal company enterprises, such as a dairy, a bakery and a print shop.

But the biggest objective is likely to be another stiff boost in direct payments to the Panama government. With an election coming up next year this is certain to be an issue. One candidate who already has got a running start is dashing young Aquilino Boyd, who belongs to one of the handful of aristocratic families that traditionally govern this land and who already has served as foreign minister. His new third party is demanding a 50% split of canal company gross revenues which, of course, would leave canal operations deep in the red unless tolls were boosted stiffly. Few folk think the U.S. is likely to grant that much but the other parties will be in with competing demands of their own and veteran political observers here are wagering that Americans will be granting fresh concessions of some dimension somewhere along the line.

Electrostatic reproducti
for preservation purpos
Eisenhower Library for r
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Continuity for Chart Presentation

Problems of Federal Office Space

by Franklin Floete, Administrator
of General Services, before the
Cabinet on Friday, May 22, 1959

[illegible]hower Library

Introductory (Cover Chart)

~~Thank you for the privilege of coming before the Cabinet to present some of the highlights of the Government's over-all office space problems in Washington, D. C.~~

Most of you are accustomed to viewing the office space problems in terms of your department or agency needs. To better understand the Governmentwide problem, I would like for you to consider what we are doing, our progress to date, and our long-range program. It will help us bring into focus the steps we should take to resolve this problem.

Chart 1: (GSA-Managed Space)

Altogether GSA manages 110.9 million square feet of general purpose office and storage space. About a third is located in the Washington area. Of this 34.4 million square feet, only a little more than half is located in permanent Government-owned buildings ~~designed to efficient office standards.~~ which meet only minimum industrial standards. Almost a third of the Washington space is temporary or obsolete ~~in character. About~~, 12 percent ~~of the Washington space~~ is located in privately owned buildings of varying size, quality and efficiency, some of which has been leased for as much as 30 - 35 years on short-term leases.

These over-all statistics bring us to the heart of the problem.

Chart 2: (GSA's Severest Space Problem is Washington, D. C.)

We can sharpen our focus on the Washington problem by turning from space percentages to people. Approximately 63,000 Government employees work in inefficient, substandard space. This indicates that the target of our space program is the replacement of 12 million square feet out of the 34 million which we require to provide working space for Government agencies.

~~With one-third of the Federal personnel in substandard space, the operations of nearly every major agency are blighted to some degree by the fact that one-third of the Government is inefficiently housed for the job that must be done.~~

Chart 3: ~~(Why Do We Build?)~~ Why do we build?

~~With the wide demand on available fiscal resources to meet essential program needs of the Government today it is timely to question why we build now to house activities in which these 63,000 employees are engaged.~~

First, to enable us to consolidate departments and agencies now operating in numerous scattered locations. The fragmentation of agencies adds substantially to the cost of administration.

Second, to remove the temporary and obsolete buildings which contribute to Government inefficiency and create unnecessary operating costs. The removal of the temporary buildings, which are located principally in the parks of the Nation's Capital, will enhance the prestige of our city. This, Mr. President, has been one of the objectives of your Administration.

Third, to provide an economic balance between Government-owned and leased space. As a matter of prudent policy, we will continue to lease a reasonable amount of office space in Washington. This will enable us to meet emergency or short-term requirements and hedge against contraction in Government space requirements without the risk of wasteful overbuilding.

Chart 4: (Demolition Since 1953...)

~~As we outline our problems, it is worth noting that we are making some progress in attacking them.~~ This chart points out that we have made substantial inroads on unsightly temporary and obsolete buildings since 1953. In fact, we have demolished 17 separate temporary or obsolete buildings containing nearly three-quarters of a million square feet of space. ~~Much of the demolition has come in connection with our current construction program.~~

Some of you will recall this picture of Gabriel Hauge using a crow bar to start the demolition of Building V a few years ago. This temporary building occupied the park at the junction of Pennsylvania Avenue and 15th Street and effectively blocked one of Washington's finest vistas.

~~Temporary buildings are, of course, the subject of great public discussion from time to time, and the comment usually tends to make the temporary buildings a separate problem of beautification.~~ One of the realities of our space problems in Washington, D. C., is that we cannot demolish temporary buildings without first providing replacement space. The temporary building problem is thus one of our subsidiary space problems, and it cannot be treated without treating the other problems as well.

Chart 5: (Why Build Instead of Rent?)

~~I have pointed out that~~ the use of leased space to meet short-term or emergency needs has a justifiable place in our program. However, it is economic hypnosis to substitute by accident or design the leasing of space for long periods to house permanent governmental activities. Furthermore, it is a recognized fact that the building of office space in Washington suitable for governmental needs has never kept pace with the demand with the result that much of the space under lease today, including recent construction, consists of converted apartment houses.

In this chart we have compared annual rental and construction costs for a building for 5,400 employees. We have assumed a 50-year life for both buildings, and the Government-owned structure has been assessed with interest, amortization, operation, maintenance, and repair costs.

On this basis construction is a better buy for the Government by nearly $1,000,000 a year. Over the 50-year period the Government would save more than $49,000,000 and still have the residual value of its real property.

In addition, Government-owned buildings are designed for the Government's needs which enables us to plan economic space layouts.

Library

Chart 6: (Why Replace Obsolete Government Buildings)

This chart gives the reason in dollars and cents for replacing obsolete buildings.

Here we compare the cost figures for operating and maintaining two Government-owned buildings. One is the GAO Building, a modern, efficient office building completed about 10 years ago. The other is the Executive Office Building which dates from the 1870's.

In the GAO Building the cost per employee housed in the building is $152 a year.

In the Executive Office Building the cost is $552 — 3½ times as much.

These figures make clear one of the reasons why the President's Advisory Commission on Presidential Office Space recommended the demolition of the Executive Office Building and its replacement with a modern structure.

Chart 7: (Need for Consolidation)

This sampling of some of the space fragmentation of agencies as of December 31, 1958 indicates the major need for consolidating departments and agencies in single buildings or geographic areas. While the chart points up the need for consolidation, it also highlights the number of leased facilities and temporary and obsolete buildings in use.

We might note that NASA, with only two locations, might not appear to need much consolidation. But, as the chart shows, both locations are obsolete buildings.

At the other end of the scale is the Department of Defense with 51 locations, nearly half of which are in temporary buildings. In the mid-range is the Department of the Interior with 5,300 employees scattered in 21 locations. The Department of Health, Education and Welfare is very similar with 5,200 employees in the same number of locations.

Chart 8: (Consolidation of State)

This chart shows what can be done through planned consolidations. With the completion of the State Department building in early 1960, the State Department will move from 37 locations into three.

Chart 9: (Results of Consolidation of State)

Bringing State Department into one principal location and two subsidiary locations is far from the whole story of the benefits the new building will make possible.

Here are some of the others:

We will evacuate three obsolete buildings for demolition.

We will reassign 254,000 square feet of Government-owned space for the economical, temporary regrouping of other agencies until better space is available.

We will vacate 309,000 square feet of leased space in scattered locations with a consequent reduction in our rental payments.

We will reassign 368,000 square feet of leased commercial space to other agencies.

Chart 10: (Federal Office Buildings Today)

Here is the present situation in Washington. This chart recalls our earlier pie chart.

Of our 34.4 million square feet of office space, 19.3 million are in 44 permanent Government-owned buildings of standard quality. The balance is scattered over 52 temporary, 64 obsolete, and 109 leased buildings. Our basic problems are aggravated by the fact that Government offices are spread over 269 separate locations.

Chart 11: (Buildings To Be Retained...)

These companion tables are the result of space planning for the long-range requirements of the Government. According to these plans we would retain 101 of our present locations and release 168.

Among the locations to be retained are specific area offices in the District of Columbia and the surrounding metropolitan area in Maryland and Virginia. These offices, approximately 30 in number, serve special agency needs, usually connected with serving public convenience in the area.

Buildings to be eventually released include 52 temporary buildings, 61 obsolete buildings, and leased space in 55 buildings. Much of the leased space to be given up is in small blocks and in obsolete buildings.

The proposed realignment of our leased space is aimed at retaining standard office space in large blocks in modern office buildings under favorable lease terms.

The released area represents the physical objective at which we should direct our long-range construction program. The over-all requirement approaches 12 million square feet of space for 63,000 in personnel. This, then, is the ultimate goal.

Chart 12: (Construction in Progress)

As I indicated earlier, we have made a start toward our objective. We have under construction three major buildings which will satisfy nearly 20 percent of our requirements for replacement space. The projects underway are consolidated headquarters buildings for the Department of State, CIA, and Federal Office Building No. 6.

Chart 13: (Proposed Construction -- Stage 1)

The remainder of the construction needed to complete our requirement has been divided into three stages. In this way the construction can then be carried out in accordance with the Government's capacity to finance the work without incurring the disadvantages of the piecemeal approach.

Stage 1 consists of five major projects which have been designated Federal Office Buildings No. 5, 7, 8, 9, and 10. Their construction at a cost of $132,000,000*

---

*FOB 5 - $25,485,000
FOB 7 - $28,558,000
FOB 8 - $16,007,000
FOB 9 - $21,409,000
FOB 10- $40,746,000

would add nearly 2.4 million square feet to the space we already have in permanent Government-owned buildings. This stage would satisfy another 20 percent of our requirements. Thus the construction in progress and State 1 would carry us 40 percent of the way toward our goal.

Chart 14: (Proposed Construction -- Stage 2)

The five projects in Stage 2 represent a major attack on the remaining requirements.

Three of the projects would provide buildings to satisfy the specific requirements of the Geological Survey of the Department of the Interior and the Weather Bureau, Coast and Geodetic Survey, and Bureau of Standards of the Department of Commerce. Preliminary architectural and engineering planning has been completed for the new Bureau of Standards for which a site near Gaithersburg, Maryland, has been acquired.

The other two projects are contemplated office buildings for the requirements of the Department of Defense and Veterans Administration. Here the planning work is still in its earliest phases.

Altogether, completion of Stage 2 would bring into existence 5 million square feet of new space. This amounts to a little more than 40 percent of our requirements and is the largest single stage in the over-all program.

Adding Stages 1 and 2 to the construction in progress, we find that we are approaching 10 million square feet of space. This approximates 80 percent of our goal.

Chart 15: (Proposed Construction -- Stage 3)

Stage 3 would bring us to the last lap. Here there are eight projects with a total of 2.6 million square feet of space. The construction proposed in this stage would complete the program and provide the permanent Government-owned buildings needed for the solution of our foreseeable space problems. One important element in Stage 3 is the provisions for closing the gaps which remain in the Federal Triangle on which construction was begun 30 years ago.

Chart 16: (Design and Construction -- Stage 1)

We are in a fortunate position with Stage 1.

Each of the projects has the required Congressional authorization.

As a result, we are virtually ready to advance four of the five projects into construction. As the table indicates, the design of FOB's 7, 8, 9, and 10 is well advanced.

We could undertake bidding this summer and fall on three of them -- FOB's 8, 9, and 10. As a major contribution to the solution of our problem FOB No. 10 would assure the longest forward stride this year, but all are important to the over-all accomplishment of our objective.

FOB No. 7 could be offered for bidding next year. This is the building that is essential to the solution of the special space problems of the White House.

Recent experience in contracting for construction of new buildings here and elsewhere demonstrates clearly that competition for construction contracts has intensified with the result that we are receiving very favorable bids.

Chart 17: (Completion of Program)

Here we have briefly charted the end results of the program.

We would reach our goal of rehousing 63,000 employees and, in doing so, we would evacuate 52 temporary buildings for demolition, release 61 obsolete buildings for disposal or demolition, and cancel leases for space in 55 buildings.

Until we are able to bring about a substantial measure of desirable relief through construction, there remains the immediate problem of short-term adjustments in order to satisfy the current demands.

The dimensions of the problem are indicated in the current demand for about 1,000,000 square feet of office space. Of this total the demand for 200,000 square feet is rated as an immediate need. The balance represents needs which must be satisfied in the relatively near future and therefore are only less urgent in the sense of time.

The agencies whose space requirements we are endeavoring to satisfy include the Departments of Agriculture, Health, Education and Welfare, and Labor and The Federal Trade Commission. Consolidation is the pressing immediate requirement of NASA, the Housing and Home Finance Agency, and the Department of Labor's D. C. Employment Service.

Along with these demands for office space we also have before us additional storage type space requirements in the amount of 300,000 square feet. These represent the needs of the Library of Congress, Department of Agriculture, and Government Printing Office.

Current space requirements therefore total more than 1,300,000 square feet of office and storage space.

We will be better equipped in the future to meet such demands with the construction of the projects which have been authorized but not funded. We appreciate the continuing need for improvements in agency space -- whether the need is for consolidation or whether it is a claim for additional space to meet new programs and responsibilities. In the present situation these pressing demands, if they cannot be deferred, leave us no alternative but to go on the market for leased space in spite of the greater costs. Even so, time must be allowed for private enterprise to construct for all but a small amount of these requirements.

Mr. Floete's concluding remarks - Cabinet Presentation - May 22, 1959

In summary, the objectives of the plan are (1) to consolidate agencies to improve the efficiency and economy of their operations, (2) to eliminate temporary and obsolete buildings, and (3) to provide modern space in Government-owned buildings and thereby reduce recurring rentals.

The solution of the problem would be accomplished in three stages:

1. For the short range, rent a minimum amount of space.
2. For the intermediate range, covering the next three to four years, and depending on availability of funds, construct the five buildings already authorized (Stage 1) and design the five in Stage 2.
3. For the long range beyond, say, 1963 proceed with the design of the eight buildings in Stage 3 and construct those in Stage 2.

As general conditions and the budgetary position permit, implementation of the intermediate range plan would progressively improve the situation. Completion during this period of the State Department Extension, the CIA project and FOB #6 will also assist in this respect. No appropriations were contained in the budget submission for FY 1960, nor does the House bill as passed include such appropriations. Similar action by the Senate is expected.

Although GSA has the statutory responsibility for providing general purpose space for the executive agencies, there should be full recognition by them of the problems involved.

Therefore, Mr. President, all agency heads could be extremely helpful if, under existing conditions, they would accept space offered by GSA which reasonably meets their requirements even though it may have certain disadvantages. Likewise, they should keep to an absolute minimum applications for additional or improved space.

CURRENT SPACE DEMANDS

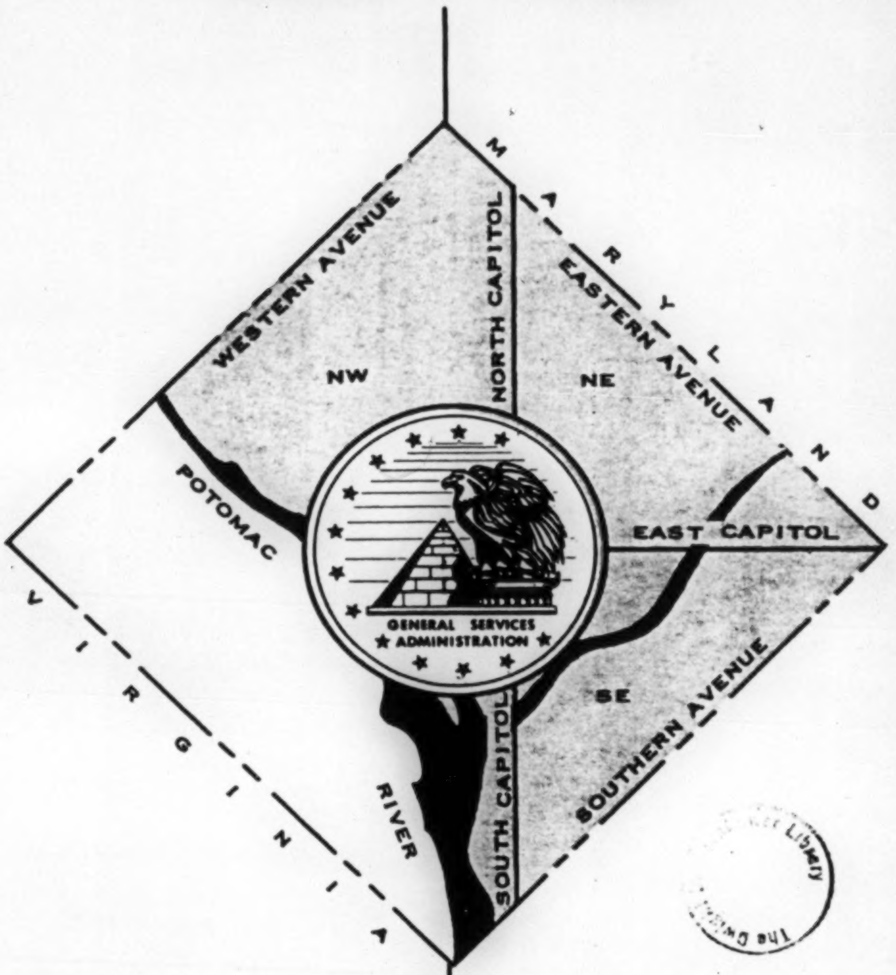
		Sq. Ft.
1. Immediate Additional Space Needs (Agriculture, Labor, Federal Trade Commission and Health, Education and Welfare)		219,600
2. Urgent Consolidation Needs -		
National Aeronautics & Space Administration	130,000	
Labor (D.C. Employment Service, etc.)	130,000	
Housing & Home Finance Agency	500,000	
		760,000
3. Spot Locations for National Institute of Health and Weather Bureau		43,800
Subtotal		1,023,400

Storage Type Space

1. Library of Congress (Principally Storage)	200,000
2. Agriculture	35,000
3. Government Printing Office	66,500
Subtotal	301,500
* Total Demand in all Categories	1,324,900

*In addition to above, numerous demands for additional space in small blocks will be satisfied out of available Government-owned space.

CONSTRUCTION PROGRAM
FEDERAL BUILDINGS
WASHINGTON, D.C., & VICINITY
1956 - 1966



WESTERN AVENUE
NORTH CAPITOL
EASTERN AVENUE
MARYLAND
NW
NE
POTOMAC
EAST CAPITOL
GENERAL SERVICES ADMINISTRATION
SE
SOUTHERN AVENUE
RIVER
SOUTH CAPITOL
VIRGINIA

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE WASHINGTON, D. C.

FEDERAL SPACE PROBLEM IN WASHINGTON,
AND ITS SOLUTIO

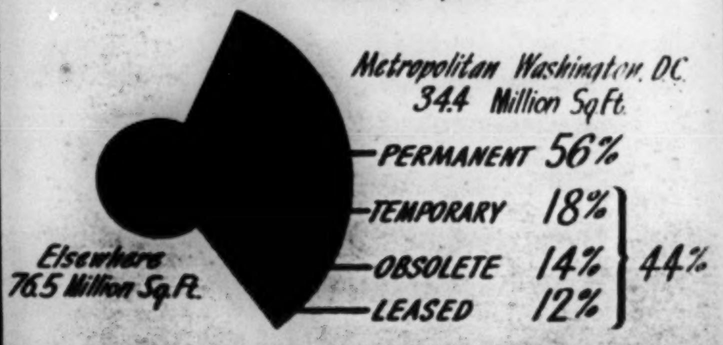
AUGUST 1959

THIS IS THE PROBLEM

ONE THIRD OF THE FEDERAL PERSONNEL IN SUBSTANDARD SPACE
BLIGHTS THE OPERATIONS OF NEARLY EVERY MAJOR AGENCY

GSA-MANAGED SPACE

Total - 110.9 Million Square Feet



GSA's SEVEREST SPACE PROBLEM is WASHINGTON, D.C.

63,000 of 180,000 employees work in inefficient and substandard space...

12,000,000 of 34,000,000 sq.ft. should be replaced...

FEDERAL OFFICE BUILDINGS TODAY

Total area and personnel housed in buildings controlled or leased by GSA in Metropolitan D.C.:

		AREA (SQ.FT.)	PERSONNEL
44	Permanent Buildings	19,348,702	107,735
52	Temporary Buildings	6,053,619	41,535
64	Obsolete Buildings	4,710,399	16,614
109	Leased Buildings	4,250,935	14,262
269	Total	34,363,655	180,146

WHY CONSTRUCTION IS THE ANSWER

NEW BUILDINGS
RID OF OBSOLE

WHY DO WE BUILD?

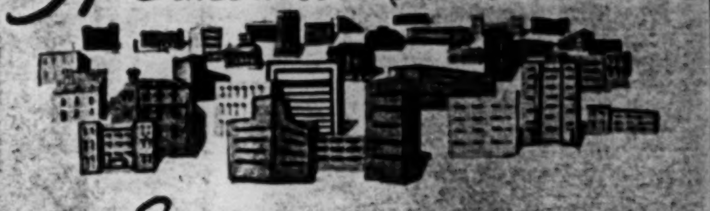
- To consolidate Departments and Agencies from scattered locations
- To replace temporary and obsolete buildings
- To maintain a proper balance between owned and leased buildings

NEED FOR CONSOLIDATION

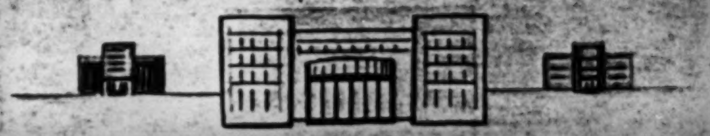
EXAMPLES:

DEPT. or AGENCY	TOTAL PERSONNEL	TOTAL SPACE (Mil. sq. ft.)	NUMBER OF LOCATIONS				
			Total	Perm.	Temp.	Obs.	Leased
Defense	61,200	8.4	51	5	22	8	16
Commerce	14,400	3.2	22	5	2	8	7
Treasury	11,900	2.4	21	5	–	13	3
Agriculture	9,100	1.6	13	4	–	5	4
State	7,900	1.4	37	2	4	10	21
Interior	5,300	1.1	21	3	5	5	8
Labor	3,300	0.5	14	4	2	4	4
HEW	5,200	1.0	21	6	3	2	10
FAA	2,200	0.5	10	1	2	1	6
NASA	336	0.1	2	–	–	2	–
HHFA	3,100	0.5	11	1	–	2	8

37 BUILDINGS NOW HOUSE STATE



Only 3 needed after extension is built



CONSTRUCTION PROGRAM IN PROGRESS AND P

CONSTRUCTION IN PROGRESS

Occupying Agency space to be provided in buildings under construction...

	AREA (SQ.FT.)
• State Building Extension (Est. Completion JULY 1960)	1,058,000
• CIA Headquarters, Langley, Va. (Est. Completion JULY 1961)	948,000
• FOB #6 (west of HEW) – (Est. Completion JUNE 1961)	350,000
TOTAL	2,356,000

PROPOSED CONSTRUCTION

Stage 1

	AREA (SQ.FT.)
FOB #5 (10th St. Mall)	500,000
FOB #7 (17th St. and Penna. Ave., N.W.)	427,000
FOB #8 (East of HEW South 2nd, 3rd & D Sts., S.W.)	280,000
FOB #9 (West of Interior)	412,000
FOB #10 (Independence Ave. 6th-9th Sts. S.W.)	750,000
	2,369,000
TOTAL: Construction in progress and stage 1	4,725,000

Design and Construction Schedule - Stage 1

(PROJECTS ALREADY APPROVED FOR WASH., D.C.)

PROJECT	DESIGN STAGE	POSSIBLE CONSTRUCTION START (IF FUNDED)
FOB #5	Ready for Design	
FOB #7	At Tentative Drawing Stage	Summer 1960
FOB #8	Final Drawings near Completion	Early 1960
FOB #9	Final Drawings Completed	Fall 1959
FOB #10	Final Drawings near Completion	Early 1960

N WASHINGTON, D.C.

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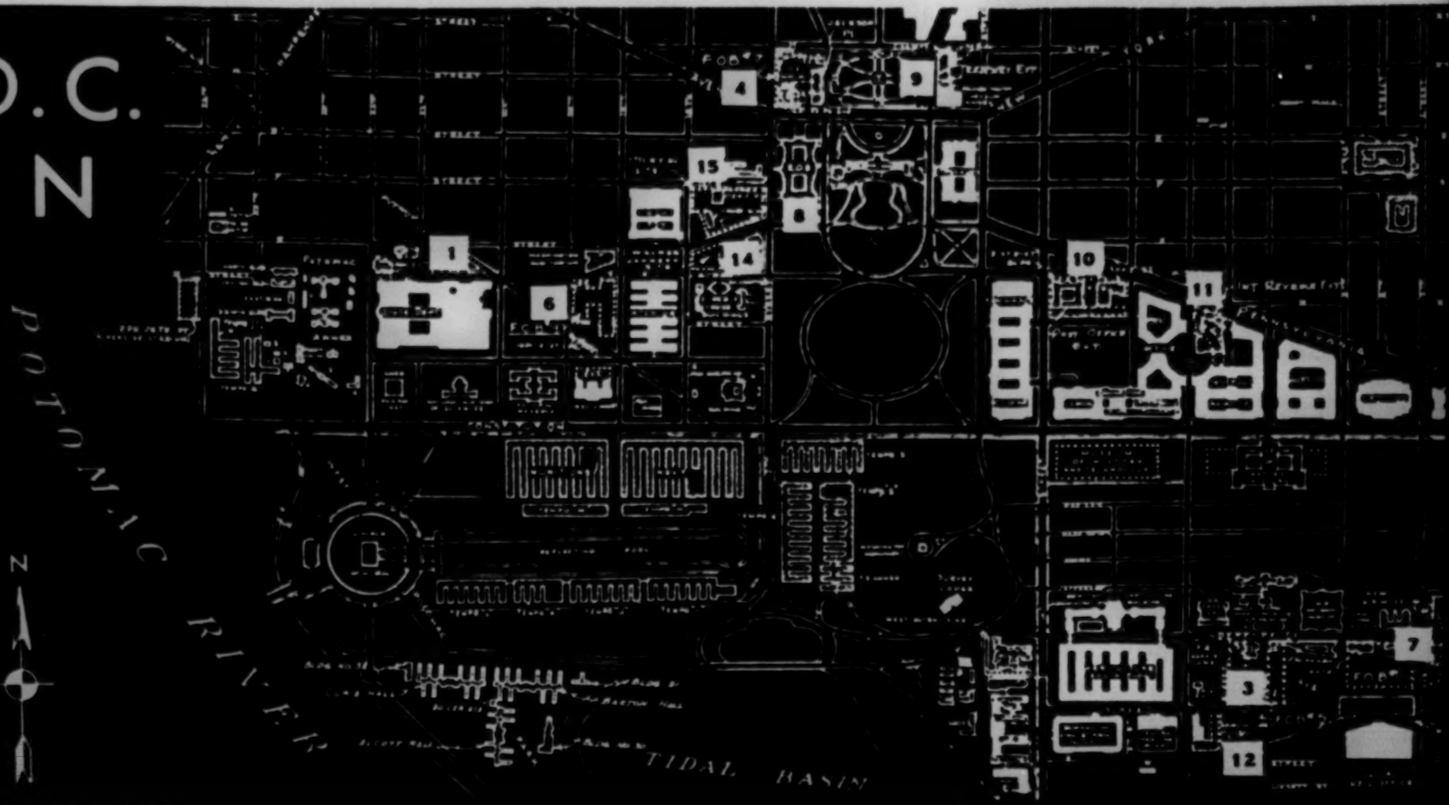

SITES OF GSA CONSTRUCTION PROJECTS IN AREA WEST OF THE CAPITOL ARE SHOWN ON MAP. NUMI
UNDERWAY. IN CONSTRUCTION – 1) DEPARTMENT OF STATE BUILDING (EXT.) AND 2) FOB NO. 6,
NO. 8, 6) FOB NO. 9, 7) FOB NO. 10, STAGE 2 – 8) WHITE HOUSE OFFICE BUILDING, STAGE 3 – 9)
MENT BUILDING (EXT.), 11) INTERNAL REVENUE BUILDING (EXT.), 12) AGRICULTURE ANNEX (EXT.
JOHNSON SITE, AND 15) 1711 NEW YORK AVENUE, N.W., SITE. ALL OTHER PROJECTS EITHER ARE L
LEY, VA., AND BUREAU OF STANDARDS, GAITHERSBURG, MD.) OR WILL BE LOCATED ON SITES TO

RD OF THE FEDERAL PERSONNEL IN SUBSTANDARD SPACE
THE OPERATIONS OF NEARLY EVERY MAJOR AGENCY

2

OBLEM

es

3

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ANSWER

NEW BUILDINGS CONTRIBUTE TO EFFICIENCY AND ECONOMY...BY BRINGING TOGETHER FRAGMENTED AGENCIES...BY GETT
RID OF OBSOLETE AND TEMPORARY BUILDINGS...SOME ALREADY ARE DOWN...AND BY REDUCING OVERALL SPACE COSTS

5

ON

Leased
16
7
3
4
21
8
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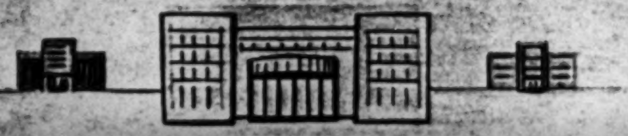
10
6
—
8

6

37 BUILDINGS NOW HOUSE STATE

Only 3 needed after extension is built



7

WHY REPLACE OBSOLETE GOVERNMENT BLDGS.?

Cost-per-person comparison of annual operation and maintenance costs

- NEW Government-owned building (GAO) $152
- OBSOLETE Building (Executive Office Building) $552

DEMOLITION since 1953

[illegible], president[illegible] starts demolition of [illegible] Building, Nov. 1953

[illegible]

8 TEMPORARY BUILDINGS

9 OBSOLETE BUILDINGS

Total Area Demolished 718,483 sq ft

N PROGRESS AND PROPOSED

ACCOMPLISHMENT OF THE PROGRAM WILL ASSURE ALL DEPARTMENTS AN
THE NATION... EFFICIENTLY AND ECONOMICALLY... THE BASIC PURPOSE

11

ON

AREA (SQ FT)
500,000
427,000
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412,000
750,000
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4,725,000

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13

PROPOSED CONSTRUCTION

Stage 2

	AREA (SQ FT)
Bureau of Standards (Gaithersburg, Md.)	1,000,000
Geological Survey	500,000
Nat'l Meteorological Ctr. & Coast & Geodetic Survey	758,000
Veterans Administration	750,000
White House Office Building	150,000
FOB #11 (Defense)	2,300,000
	5,458,000
TOTAL: Construction in progress & stages 1 & 2	10,183,000

14

PROPOSED CONSTRUCTION

Stage 3

	AREA (SQ FT)
Federal Records Center	1,250,000
Treasury Annex (Ext.)	150,000
Post Office (Ext.)	330,000
Internal Revenue (Ext.)	165,000
Agriculture Annex (Ext.)	150,000
H.O.L.C.-101 Indiana Ave. N.W. (Ext.)	210,000
Walker-Johnson Site	165,000
1711 New York Ave., N.W., Site	200,000
	2,620,000
Total: Construction in progress & stages 1, 2 & 3	12,803,000

PROBLEM IN WASHINGTON, D.C.
S SOLUTION

UGUST 1959

BLEM

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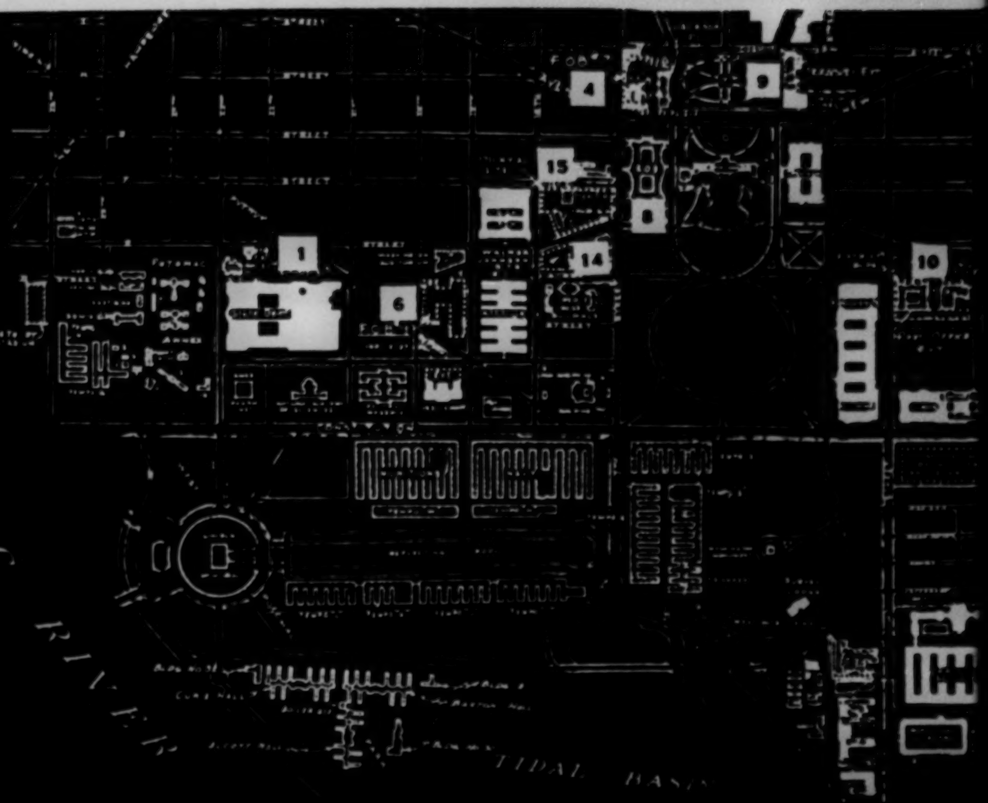


SITES OF GSA CONSTRUCTION PROJECTS IN AREA WEST OF THE CAPITOL ARE
UNDERWAY. IN CONSTRUCTION – 1) DEPARTMENT OF STATE BUILDING (EXT.)
NO. 8, 6) FOB NO. 9, 7) FOB NO. 10, STAGE 2 – 8) WHITE HOUSE OFFICE BU
MENT BUILDING (EXT.), 11) INTERNAL REVENUE BUILDING (EXT.), 12) AGRI
JOHNSON SITE, AND 15) 1711 NEW YORK AVENUE, N.W., SITE. ALL OTHER PR
LEY, VA., AND BUREAU OF STANDARDS, GAITHERSBURG, MD.) OR WILL BE L

ION IS THE ANSWER

NEW BUILDINGS CONTRIBUTE TO EFFICIENCY AND ECONOMY...BY BRINGING TOGETHER FRAGMENTED
RID OF OBSOLETE AND TEMPORARY BUILDINGS...SOME ALREADY ARE DOWN...AND BY REDUCING OV

5

NEED FOR CONSOLIDATION

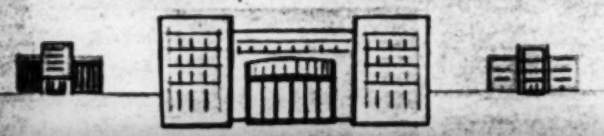
EXAMPLES:

T. or NCY	TOTAL PERSONNEL	TOTAL SPACE (Mil. sq. ft.)		NUMBER OF LOCATIONS			
				Perm.	Temp.	Obs.	Leased
ense	61,200	8.4	51	5	22	8	16
merce	14,400	3.2	22	5	2	8	7
sury	11,900	2.4	21	5	–	13	3
culture	9,100	1.6	13	4	–	5	4
te	7,900	1.4	37	2	4	10	21
erior	5,300	1.1	21	3	5	5	8
bor	3,300	0.5	14	4	2	4	4
EW	5,200	1.0	21	6	3	2	10
AA	2,200	0.5	10	1	2	1	6
ASA	336	0.1	2	–	–	2	–
HFA	3,100	0.5	11	1	–	2	8

6

37 BUILDINGS NOW HOUSE STATE

Only 3 needed after extension is built



7

WHY REPLACE OBSOLETE GOVERNMENT BLDGS.?

Cost-per-person comparison of annual operation and maintenance costs

• NEW Government-owned building (GAO)	$152
• OBSOLETE Building (Executive Office Building)	$552

DEMOLITION st

CENTE
8 TEM
9 OBSO
Total
118

PROGRAM IN PROGRESS AND PROPOSED

ACCOMPLISHMENT OF THE PROGRAM WILL ASSURE
THE NATION... EFFICIENTLY AND ECONOMICALLY...

11

PROPOSED CONSTRUCTION

Stage 1

	AREA (SQ. FT.)
OB #5 (10th St. Mall)	500,000
OB #7 (17th St. and Penna. Ave., N.W.)	427,000
OB #8 (East of HEW South 2nd, 3rd & D Sts., S.W.)	280,000
OB #9 (West of Interior)	412,000
OB #10 (Independence Ave., 6th–9th Sts., S.W.)	750,000
	2,369,000
TAL: Construction in progress and stage 1	4,725,000

12

Design and Construction Schedule - Stage 1

(PROJECTS ALREADY APPROVED FOR WASH., D.C.)

PROJECT	DESIGN STAGE	POSSIBLE CONSTRUCTION START (IF FUNDED)
FOB #5	Ready for Design	
FOB #7	At Tentative Drawing Stage	Summer 1960
FOB #8	Final Drawings near Completion	Early 1960
FOB #9	Final Drawings Completed	Fall 1959
FOB #10	Final Drawings near Completion	Early 1960

13

PROPOSED CONSTRUCTION

Stage 2

	AREA (SQ. FT.)
Bureau of Standards (Gaithersburg, Md.)	1,000,000
Geological Survey	500,000
Natl. Meteorological Ctr. & Coast & Geodetic Survey	758,000
Veterans Administration	750,000
White House Office Building	150,000
FOB #11 (Defense)	2,300,000
	5,458,000
TOTAL: Construction in progress & stages 1 & 2	10,183,000

PROPOSED CONST

Stage 3

Federal Records Center
Treasury Annex (Ext.)
Post Office (Ext.)
Internal Revenue (Ext.)
Agriculture Annex (Ext.)
H.O.L.C.-101 Indiana Ave. N.W. (Ex
Walker-Johnson Site
1711 New York Ave., N.W., Site

Total: Construction in progress & stag

PROBLEM IN WASHINGTON, D.C.
SOLUTION

AUGUST 1959

ROBLEM

ONE THIRD OF THE FEDERAL PERSONNEL IN SUBSTANDARD SPACE BLIGHTS THE OPERATIONS OF NEARLY EVERY MAJOR AGENCY

GSA's SEVEREST SPACE PROBLEM is WASHINGTON, D.C.

63,000 of 180,000 employees work in inefficient and substandard space...

12,000,000 of 34,000,000 sq. ft. should be replaced...

FEDERAL OFFICE BUILDINGS TODAY

Total area and personnel housed in buildings controlled or leased by GSA in Metropolitan D.C.:

		AREA (SQ. FT.)	PERSONNEL
44	Permanent Buildings	19,348,702	107,735
52	Temporary Buildings	6,053,619	41,535
64	Obsolete Buildings	4,710,399	16,614
109	Leased Buildings	4,250,935	14,262
269	Total	34,363,655	180,146

SITES OF GSA CONSTRUCTION PROJECTS IN AREA
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NO. 8, 6) FOB NO. 9, 7) FOB NO. 10, STAGE 2
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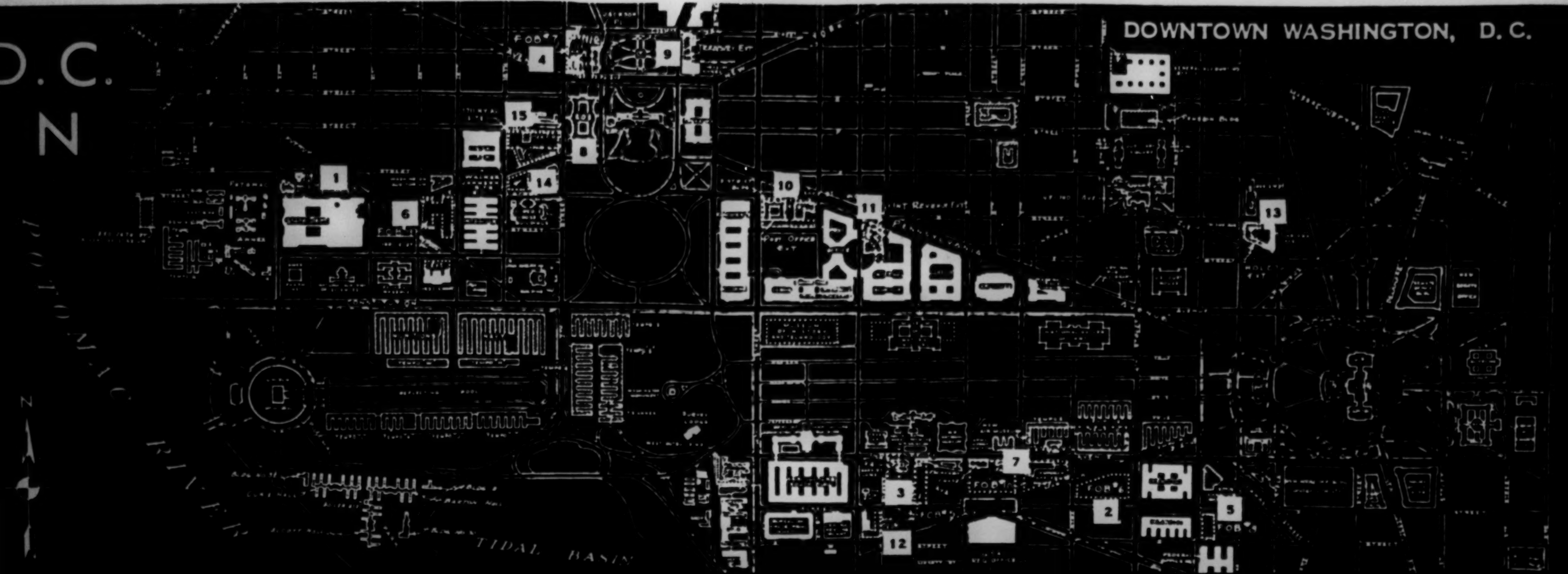

SITES OF GSA CONSTRUCTION PROJECTS IN AREA WEST OF THE CAPITOL ARE SHOWN ON MAP. NUMBERS INDICATE PROJECTS, BEGINNING WITH THOSE UNDERWAY. IN CONSTRUCTION — 1) DEPARTMENT OF STATE BUILDING (EXT.) AND 2) FOB NO. 6, STAGE 1 — 3) FOB NO. 5, 4) FOB NO. 7, 5) FOB NO. 8, 6) FOB NO. 9, 7) FOB NO. 10, STAGE 2 — 8) WHITE HOUSE OFFICE BUILDING, STAGE 3 — 9) TREASURY ANNEX, 10) POST OFFICE DEPARTMENT BUILDING (EXT.), 11) INTERNAL REVENUE BUILDING (EXT.), 12) AGRICULTURE ANNEX (EXT.), 13) 101 INDIANA AVE. (EXT.), 14) WALKER-JOHNSON SITE, AND 15) 1711 NEW YORK AVENUE, N.W., SITE. ALL OTHER PROJECTS EITHER ARE LOCATED OFF THE MAP (CIA HEADQUARTERS, LANGLEY, VA., AND BUREAU OF STANDARDS, GAITHERSBURG, MD.) OR WILL BE LOCATED ON SITES TO BE SELECTED.

TION IS THE ANSWER

NEW BUILDINGS CONTRIBUTE TO EFFICIENCY AND ECONOMY...BY BRINGING TOGETHER FRAGMENTED AGENCIES...BY GETTING RID OF OBSOLETE AND TEMPORARY BUILDINGS...SOME ALREADY ARE DOWN...AND BY REDUCING OVERALL SPACE COSTS

NEED FOR CONSOLIDATION

EXAMPLES:

DEPT. or AGENCY	TOTAL PERSONNEL	TOTAL SPACE (Mil. sq. ft.)	NUMBER OF LOCATIONS				
			[illegible]	Perm.	Temp.	Obs.	Leased
Defense	61,200	8.4	51	5	22	8	16
Commerce	14,400	3.2	22	5	2	8	7
Treasury	11,900	2.4	21	5	—	13	3
Agriculture	9,100	1.6	13	4	—	5	4
State	7,900	1.4	37	2	4	10	21
Interior	5,300	1.1	21	3	5	5	8
Labor	3,300	0.5	14	4	2	4	4
HEW	5,200	1.0	21	6	3	2	10
FAA	2,200	0.5	10	1	2	1	6
NASA	336	0.1	2	—	—	2	—
HHFA	3,100	0.5	11	1	—	2	8

37 BUILDINGS NOW HOUSE STATE

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WHY REPLACE OBSOLETE GOVERNMENT BLDGS.?

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DEMOLITION since 1953

[illegible] NANCE, [illegible] Building, Nov. 1955

Has Removed

8 TEMPORARY BUILDINGS

9 OBSOLETE BUILDINGS

Total Area Demolished 718,483 sq. ft.

WHY BUILD INSTEAD OF RENT?

Comparison of Annual Office Space Costs for an Agency with [illegible] employees (Estimated on 50-year basis)

NEW RENTED COMMERCIAL BUILDING [illegible] sq. ft. @ $5.50 per sq. ft.	$4,125,000
NEW GOVERNMENT BUILDING	$3,142,000*
Annual Savings	$983,000

* [illegible] amortization of site, design and construction costs with interest [illegible] and operation, maintenance and repair costs

ADVANTAGES OF GOVERNMENT OWNERSHIP

1. A savings of $49,150,000 over 50 years
2. Residual value of building and land at end of 50-year period

PROGRAM IN PROGRESS AND PROPOSED

ACCOMPLISHMENT OF THE PROGRAM WILL ASSURE ALL DEPARTMENTS AND AGENCIES A FAR BETTER OPPORTUNITY TO SERVE THE NATION... EFFICIENTLY AND ECONOMICALLY... THE BASIC PURPOSE OF THE WASHINGTON CONSTRUCTION PROGRAM

PROPOSED CONSTRUCTION

Stage 1	AREA (SQ. FT.)
FOB #5 (10th St. Mall)	500,000
FOB #7 (17th St. and Penna. Ave., N.W.)	427,000
FOB #8 (East of HEW South 2nd, 3rd & D Sts., S.W.)	280,000
FOB #9 (West of Interior)	412,000
FOB #10 (Independence Ave., 6th-9th Sts., S.W.)	750,000
	2,369,000
TOTAL: Construction in progress and stage 1	4,725,000

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(PROJECTS ALREADY APPROVED FOR WASH., D.C.)

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FOB #9	Final Drawings Completed	Fall 1959
FOB #10	Final Drawings near Completion	Early 1960

PROPOSED CONSTRUCTION

Stage 2	AREA (SQ. FT.)
Bureau of Standards (Gaithersburg, Md.)	1,000,000
Geological Survey	500,000
Nat'l Meteorological Ctr. & Coast & Geodetic Survey	758,000
Veterans Administration	750,000
White House Office Building	150,000
FOB #11 (Defense)	2,300,000
	5,458,000
TOTAL: Construction in progress & stages 1 & 2	10,183,000

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Geological Survey	500,000
Nat'l Meteorological Ctr. & Coast & Geodetic Survey	758,000
Veterans Administration	750,000
White House Office Building	150,000
FOB #11 (Defense)	2,300,000
	5,458,000
TOTAL: Construction in progress & stages 1 & 2	10,183,000

PROPOSED CONSTRUCTION

Stage 3	AREA (SQ. FT.)
Federal Records Center	1,250,000
Treasury Annex (Ext.)	150,000
Post Office (Ext.)	330,000
Internal Revenue (Ext.)	165,000
Agriculture Annex (Ext.)	150,000
H.O.L.C.-101 Indiana Ave. N.W. (Ext.)	210,000
Walker-Johnson Site	165,000
1711 New York Ave., N.W., Site	200,000
	2,620,000
Total: Construction in progress & stages 1, 2 & 3	12,803,000

UPON COMPLETION OF PROGRAM

Goals Achieved

- Demolition of ALL 52 Temporary Buildings
- Disposal or Demolition of 61 Obsolete Buildings
- Cancellation of Leases in 55 Buildings (GENERALLY, SMALL BLOCKS OF SPACE, MUCH OF IT IN OLDER BLDGS.)
- Rehousing of 63,000 Agency Personnel
  - in permanent space
  - of standard quality
  - located and designed for efficient agency operations

CONSTRUCTION IN PROGRESS

SINCE 1956, WHEN THE PLAN FIRST TOOK FORM IN RESPONSE TO A CONGRESSIONAL REQUEST, GENERAL SERVICES ADMINISTRATION HAS STARTED THE CONSTRUCTION OF THREE BUILDINGS. THESE ARE THE NEW STATE DEPARTMENT BUILDING (AN EXTENSION OF AN EXISTING BUILDING), A HEADQUARTERS FOR CENTRAL INTELLIGENCE AGENCY, AND FEDERAL OFFICE BUILDING NO. 6. THEY WILL BE OCCUPIED IN 1960 AND 1961. IN THE MEANTIME, ATOMIC ENERGY COMMISSION HAS COMPLETED ITS OFFICE BUILDING. FOUR OF A DOZEN OFFICE BUILDINGS ORIGINALLY PROJECTED AS PART OF STAGE I ARE THUS IN EXISTENCE OR IN CONSTRUCTION.

STAGE 1 (POSSIBLE CONSTRUCTION STARTS, 1959–1962)

THE REMAINING CONSTRUCTION REQUIREMENTS HAVE BEEN DIVIDED INTO THREE STAGES SO THAT THE PROGRAM, PLANNED AS A BALANCED WHOLE, MAY BE ADVANCED IN STEP WITH THE GOVERNMENT'S CAPACITY TO FINANCE THE PROJECTS. THIS AVOIDS THE DISADVANTAGES OF PIECEMEAL PLANNING.

STAGE I CONSISTS OF FIVE MAJOR PROJECTS — FEDERAL OFFICE BUILDINGS NO. 5, 7, 8, 9, AND 10. EACH HAS HAD CONGRESSIONAL AUTHORIZATION, AND THE ARCHITECTURAL AND ENGINEERING DESIGN OF FOUR -- 7, 8, 9, AND 10 -- IS WELL FORWARD. STARTS ARE POSSIBLE SHORTLY AFTER APPROPRIATION OF CONSTRUCTION FUNDS (SEE CHART 12).

FOB'S NO. 5, 8, AND 10, WITH FOB NO. 6 ALREADY UNDERWAY, SUPPORT WASHINGTON'S SOUTHWEST REDEVELOPMENT PROGRAM. THE OTHERS ARE LOCATED IN THE NORTHWEST AREA WHERE FOB NO. 7 HAS A KEY ROLE IN THE PLAN RECOMMENDED BY THE PRESIDENT'S ADVISORY COMMISSION ON PRESIDENTIAL OFFICE SPACE.

STAGE 2 (POSSIBLE CONSTRUCTION STARTS, 1963–1964)

LONGEST SINGLE STRIDE IN THE PROGRAM, THIS STAGE WILL BRING TO A CLIMAX THE MAJOR ATTACK ON EXISTING SPACE DEFICIENCIES.

EACH OF THE SIX PROJECTS IN THIS STAGE IS EARMARKED FOR SPECIFIC USE. THOSE PROPOSED FOR THE BUREAU OF STANDARDS, GEOLOGICAL SURVEY, AND NATIONAL METEOROLOGICAL CENTER AND COAST AND GEODETIC SURVEY WILL CONTAIN SPACE FOR SCIENTIFIC ACTIVITIES AS WELL AS ADMINISTRATIVE OPERATIONS OF THE OCCUPANT AGENCIES. THE WHITE HOUSE OFFICE BUILDING ACCORDS WITH THE RECOMMENDATION OF THE PRESIDENT'S ADVISORY COMMISSION ON PRESIDENTIAL OFFICE SPACE FOR A NEW BUILDING ON THE SITE OF THE EXECUTIVE OFFICE BUILDING. THE VETERANS ADMINISTRATION AND DEPARTMENT OF DEFENSE PROJECTS ARE ESSENTIALLY NEW OFFICE BUILDINGS WHICH WILL FURTHER THE PROGRAMED DEMOLITION OF TEMPORARY BUILDINGS.

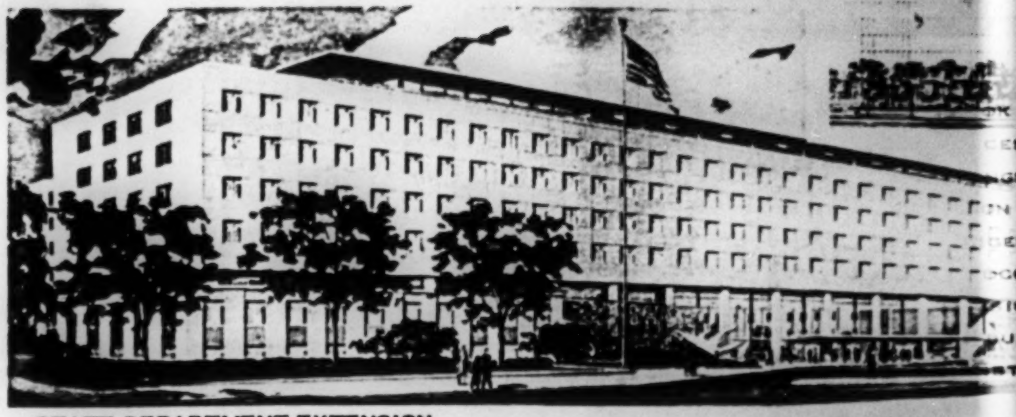
ASIDE FROM THE BUREAU OF STANDARDS AND THE WHITE HOUSE OFFICE BUILDING, THE LOCATION OF THE PROJECTS IN THIS STAGE IS SUBJECT TO CONTINUING STUDY.

STAGE 3 (POSSIBLE CONSTRUCTION STARTS, POST–1964)

CONSTRUCTION STARTS FOR THE EIGHT PROJECTS IN THIS STAGE WILL PLACE THE PROGRAM ON THE LAST LAP OF THE TASK OF PROVIDING PERMANENT GOVERNMENT-OWNED BUILDINGS WHICH, WITH A REASONABLE AMOUNT OF LEASED SPACE, WILL SOLVE THE GOVERNMENT'S FORESEEABLE SPACE PROBLEMS. EXCEPT FOR THE PROPOSED FEDERAL RECORDS CENTER, THIS STAGE CONSISTS OF OFFICE BUILDINGS. EXTENSIONS TO THE POST OFFICE DEPARTMENT AND INTERNAL REVENUE BUILDINGS WILL CLOSE REMAINING GAPS IN THE FEDERAL TRIANGLE.

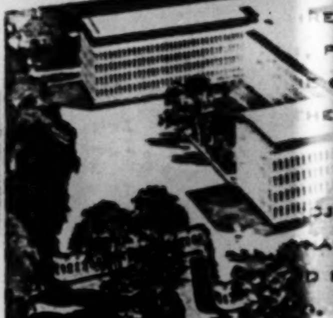
PROJECTS UNDER CONSTRUCT

FOB NO. 6

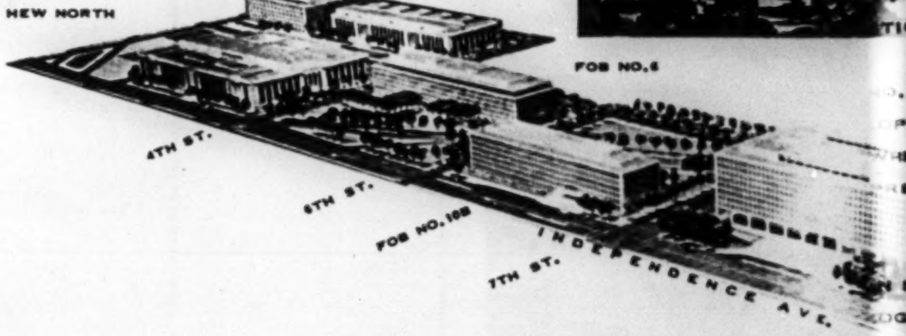


STATE DEPARTMENT EXTENSION

CENTRAL INTELLIGENCE AGENCY

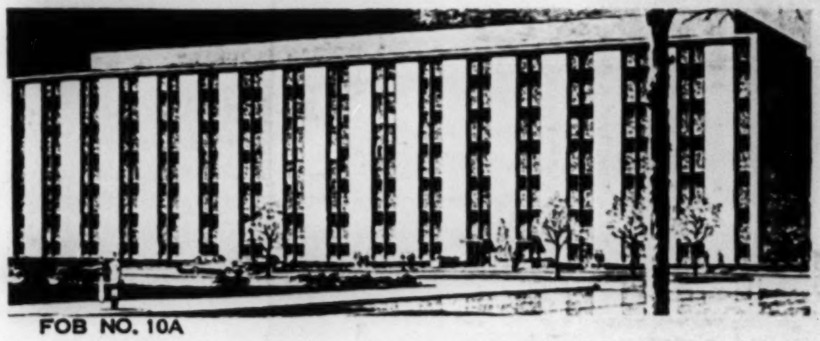


MODEL
OF FUTURE
NORTH FACADE
OF
SOUTHWEST AREA

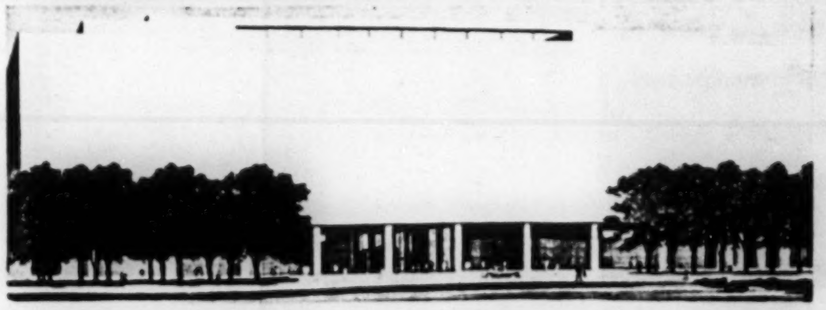


ACCEPTED STAG

FOB NO. 8



FOB NO. 10A



ESPONSE TO A CON-
RATION HAS STARTED
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53–1964)

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OCCUPANT AGENCIES.
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ON PRESIDENTIAL OF-
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AND DEPARTMENT OF
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ED FEDERAL RECORDS
NGS. EXTENSIONS TO
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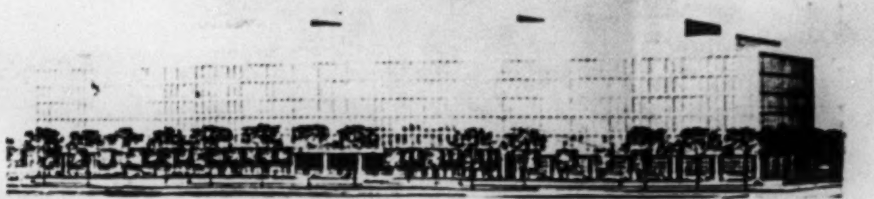
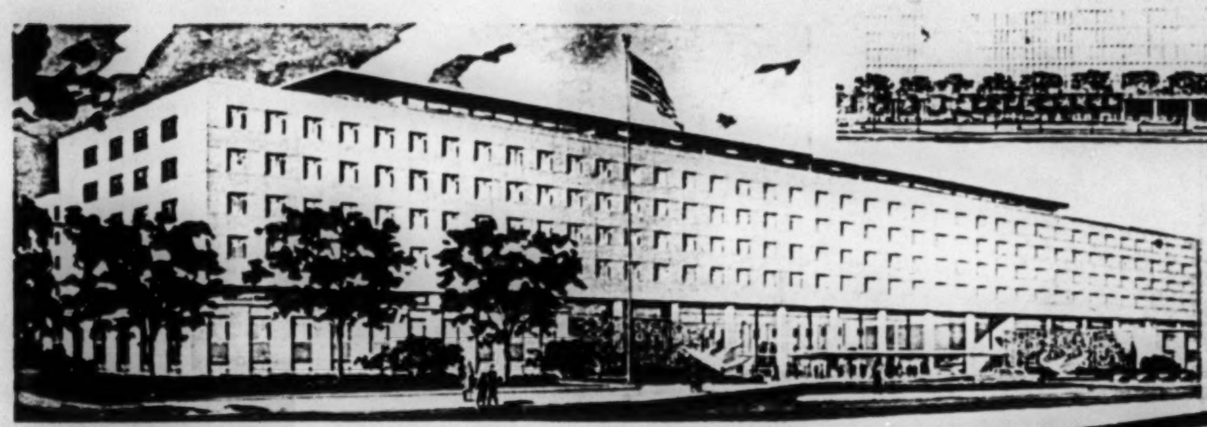
PROJECTS UNDER CONSTRUCTION

FOB NO. 6





STATE DEPARTMENT EXTENSION

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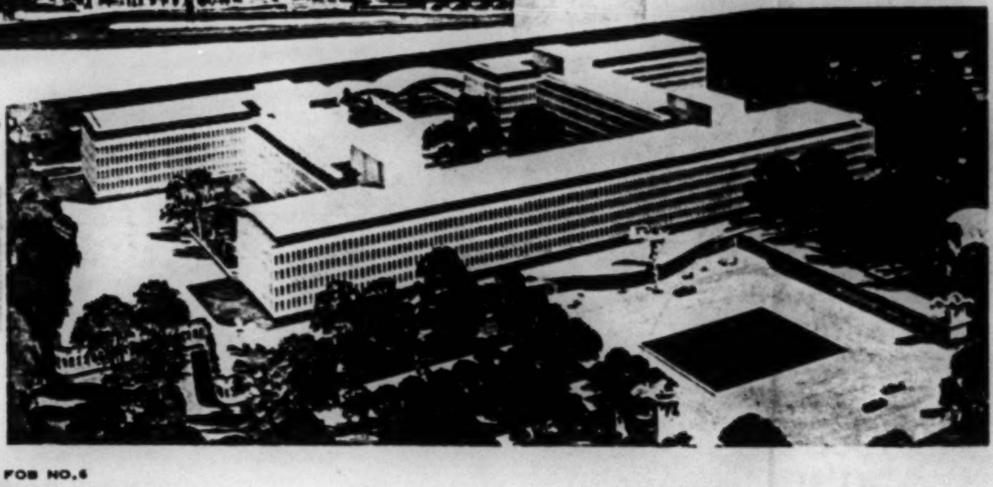

MODEL
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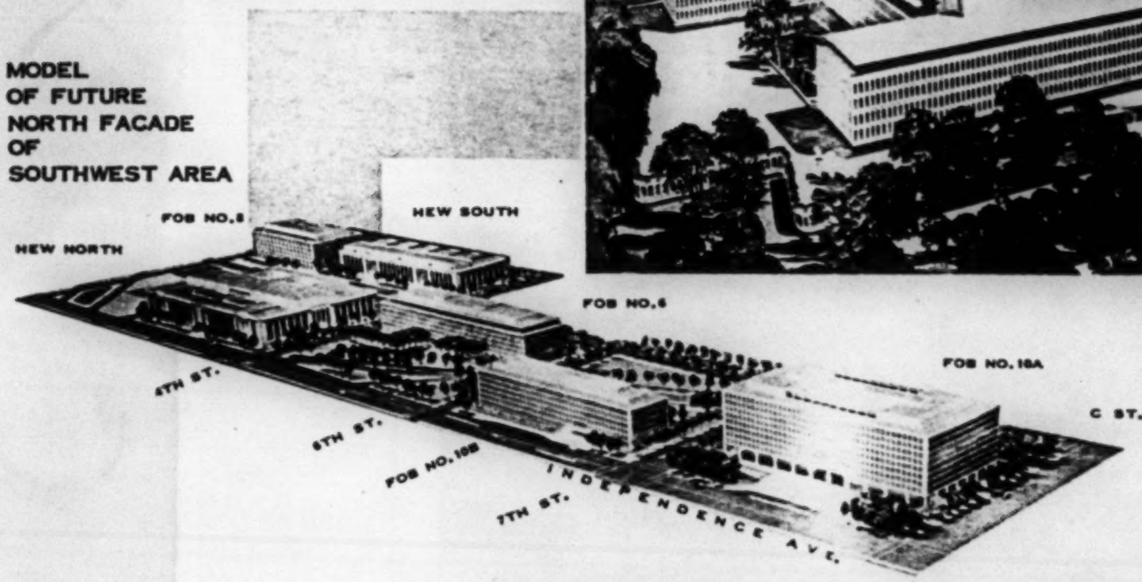
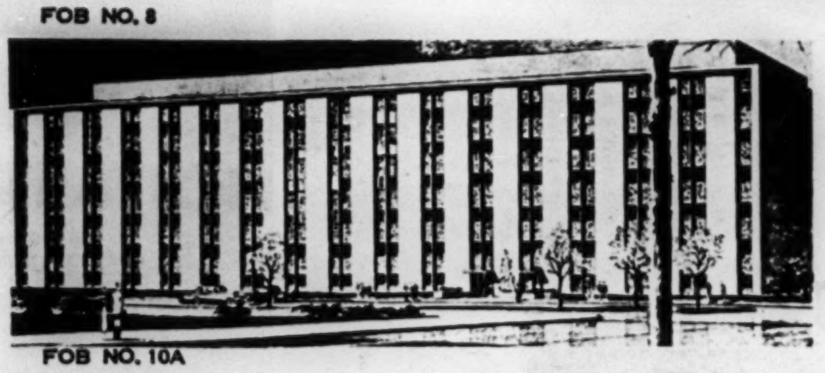
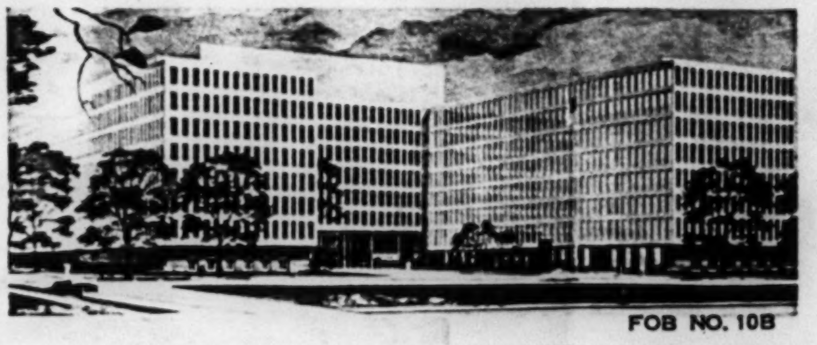


ACCEPTED STAGE 1 DESIGNS

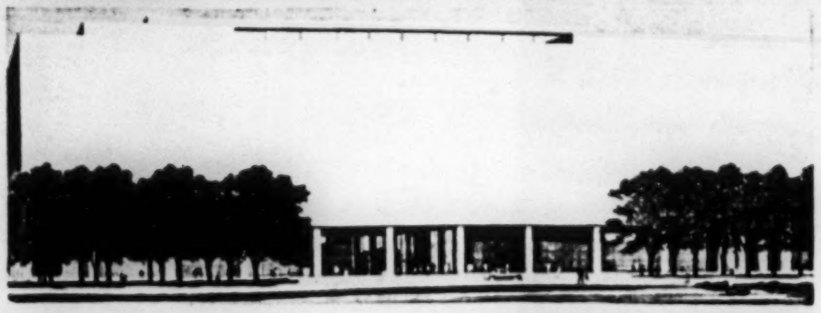
FOB NO. 8



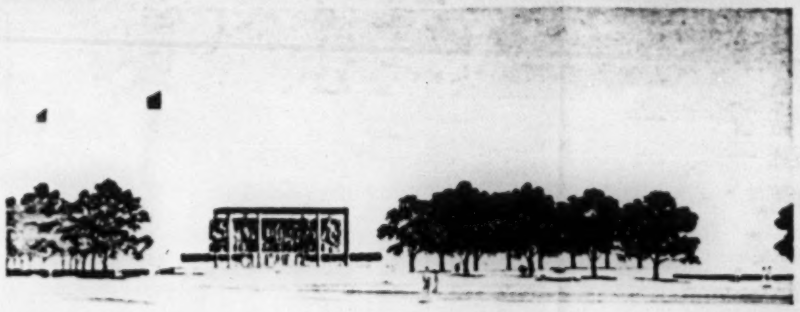
FOB NO. 9



FOB NO. 10A



FOB NO. 10B



NATIONAL ARCHIVES AND RECORDS SERVICE

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
1.	Cabinet Record of Action RA-59-134	6/9/59	A
2.	Cabinet Agenda CA-59-134	6/3/59	A
3.	Cabinet Agenda CA-59-134	6/4/59	A
~~4.~~	~~Memorandum, Robert Gray to DDE~~ 8/8/77, BC	~~6/4/59~~	~~A~~
5.	Cabinet Paper for Consideration CP-59-98 re emergency planning matters	6/1/59	A
6.	Briefing for presentation to Cabinet on emergency matters	undated	A
7.	Cabinet Paper for Action CP-59-98/1 re emergency planning matters	6/12/59	A
~~8.~~	~~Draft Record of Actions 409th NSC Meeting re trade policy~~ 8/8/77, BC	~~6/4/59~~	~~A~~

FILE LOCATION

RESTRICTION CODES

(A) Closed by Executive Order 11652 governing access to national security information.
(B) Closed by statute or by the agency which originated the document.
(C) Closed in accordance with restrictions contained in the donor's deed of gift.

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By DHC NLE, Date 8-11-76

~~CONFIDENTIAL~~

7-G

MINUTES OF CABINET MEETING

June 5, 1959

9:05 a.m. -- 9:50 a.m.

The following were present:

President Eisenhower

Vice President Nixon

Under Sec. Dillon
  for Sec. Herter
Sec. Anderson
Atg. Sec. Gates
  for Sec. McElroy
AG Rogers
PMG Summerfield
Under Sec. Elmer Bennett
  for Sec. Seaton
Under Sec. True D. Morse
  for Sec. Benson
Sec. Strauss
Under Sec. James O'Connell
  for Sec. Mitchell
Sec. Flemming

Gov. Hoegh
Mr. Stans, BoB
  Mr. Staats

Mr. McCone, AEC

Gen. Persons
Gen. Goodpaster
Maj. Eisenhower
Mr. Gray
Mr. Merriam
Mr. Kendall
Dr. Paarlberg
Capt. Aurand
Mr. Morgan - in part
Mrs. Wheaton - in part
Mr. Patterson
Mr. Minnich

Monthly Budget Report - Mr. Stans quickly went over the figures for personnel as compared with this time last year, showing an increase of about 9,000 primarily because of a heavier volume of operations in Post Office, HEW, and Corps of Engineers. Defense Department showed a decline of approximately 14,000 civilian employees in military functions.

Mr. Stans noted that funds had been provided in the budget originally for 2.38 million employees, that it was agreed last fall to cut down to 2.35 million and that the present rate is 2.33 million. He expected that by June 30th the level will be at 2.35 million, almost exactly the same as last year -- thus revealing an effective control of personnel in the face of heavily increased programs.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

DETERMINED TO BE AN
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E.O. 11652, Section 1
By tbc NLE, Date 11/20/78

Regarding expenditures, they are running 6-1/2 billion above last year and will probably total $80.8 billion on June 30th, as compared with $71.9 billion last year. One-third of the increase is in Agriculture programs, another one-third in accelerated Defense programs, and the remainder scattered among other agencies.

Mr. Stans stated that most recent estimates of receipts lead to an expectation of a $12.4 billion deficit, about half a billion less than previously estimated.

Mr. Stans stated that previews of FY 61 budget requirements have been received from the Agencies, are being reviewed, and will be pulled together for a preliminary presentation to the President in the near future.

Regional Emergency Centers (CP-59-22/1) - Gov. Hoegh went over the prepared paper concerning the construction of hardened regional centers, at a total cost of $23 million. He pointed out that these would also be used for regular operations by OCDM regional offices and also other agencies. He stated that the distribution of these centers meant that no one in the United States would ever be more than 750 miles away from the nearest one; hence they would be potentially useful as a point of operation for Cabinet officers or other key officials who might find themselves away from Washington at the advent of an emergency.

Mr. Stans stated Budget's reservation as to the timing of this project. He pointed out that no supplemental request for FY 60 had yet been made by the Administration and he hoped that it would not be necessary to make a first one for this purpose. Also, Mr. Stans wanted to consider further the fact that construction plans called for provision of some blast protection, whereas he understood that the existing policy authorizes only fallout protection. He stated that Budget would be glad to work out the details of this with OCDM and return the question to the President only if they failed to reach agreement.

The President recalled the long discussions leading up to this paper. He thought that fallout protection alone was not good enough for these control centers and that they ought to have reasonable blast protection. He stated that he had no objection to them on the basis of funds involved, but that he tended to have some reservations on a psychological basis about the principle involved here -- that is, beginning to dig in like moles. The President stated that the specific construction plans should have customary review, but he did not want to have any foot-dragging occur.

The Postmaster General ascertained that existing regional arrangements would be continued until such time as these control centers are completed.

~~CONFIDENTIAL~~

#41

PORTIONS EXEMPTED
E.O. 11652, Sec. 5 (B) (3)
GSA letter 11/6/78
NLE Date 11/20/78

~~CONFIDENTIAL~~

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By bc NLE, Date 11/20/78

FY-61 Budget - The President added this item so that he could emphasize to the Cabinet the importance of taking a hard approach

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DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By DHC NLE, Date 8-11-76

to the development of figures for next year's budget. He thought that the country had never recovered from its intoxication with heavy spending during World War II and Korea; that there just had not been a return to an austerity basis such as that of the 1930's. He recalled the extensive detailed efforts made in those years toward effecting savings, even with such minute things as the use of paper clips.

The President thought that the matter of austere spending in government was an important issue for the 1960 election. He hoped that each Cabinet officer would feel the same responsibility as regards his own department that the Director of the Budget and the President feel for the budget as a whole. He hoped that they would not give in to proposals for things that might seem desirable because they would improve communications or other operations somewhat but which really were not needed. He thought that there was still further room for Cabinet officers to get tough with the vast array of programs under their direction. He thought it might be useful to have each Cabinet member certify to Budget that the requests presented did not exceed absolute minimums necessary.

There was brief discussion, stemming from a question by the Vice President, as to the possibility of an across the board reduction of personnel. The President commended Rep. Ford's approach to effecting 1% cuts in all operations and maintenance activities. The President felt certain that every base commander in the United States would agree that 1% could be cut -- especially if it meant another star on his shoulder! Mr. Stans noted the ever present objection to "meat ax" cuts since so many exceptions must be made. He preferred to see an effort to accomplish a percentage reduction of programs, and the personnel actions could easily ensue. The Vice President felt it necessary to have an arbitrary objective in order to get effective action.

* * * *

Following the meeting there was a briefing repeated from yesterday's NSC Meeting with regard to the United States trade policy and its effect on our national security. Messrs. Rogers, Summerfield, Flemming, O'Connell, Morse and Bennett remained.

Mr. Dillon introduced Mr. Beale. Mr. Beale reviewed at length the various restrictive trade actions taken since 1953, their impact on other countries, the danger they constitute to achievement of our national security programs and objectives, and also some pending

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E.O. 11652, Section 1
By DHC NLE, Date 8-11-76

requests for further restrictions. He concluded that the United States must work to improve the comparative position of its own industries rather than attempting to solve problems by building up protective walls.

In a brief discussion following the presentation, Mr. O'Connell pointed out that only about 30,000 jobs were involved in all of the actions taken thus far, excepting perhaps petroleum. Mr. Bennett spoke about the difficulty of improving the situation at a time when imports continued to increase despite these actions, and while our exports are declining.

Mr. Morse hoped that this presentation might be made to the Randall Committee.

LAM
L. A. Minnich, Jr.

Copies to:
Mrs. Whitman (2)
Mr. Gray
Mr. Minnich

~~CONFIDENTIAL~~

DDE:

I want to say something about the 1961 Budget.

I believe we have not yet recovered from the intoxication of World War II spending - and then we had another couple of drinks in the Korean period.

We have never gotten back, ever, to an austere basis of operation. Money has been relatively easy. People have not been around this city in the days when to get one dollar out of the Congress was a feat for celebration. As almost a reaction against those days, we have been in a "Cadillac" operation instead of a "Model T" basis.

It would not really be easy for a Cabinet officer to do this, but I wish -- I would like every Cabinet officer to take one month and free himself from all his other duties - and go from the top of his Department right down to the blue-collar workers -- and really get into this spirit of economy.

I remember when the Director of the Bureau of the Budget sent around an order to conserve paper-clips -- that is exactly what General Lord used to do.

We are going to have a terrific election campaign in 1960. We shall be sending up a budget in January of 1960 - and the Congress is going to try to do things to it. Unless we can put together a budget of Spartan austerity, and say "This is what we think we should do for the good of our country"......

Everybody has as much responsibility for keeping our expenses down as do I and the Director of the Bureau of the Budget himself.

Rather than let your experts tellyou "This would be a beautiful thing to have -- this such-and-such communications system would let us get the word around in ten minutes instead of 12"- that sort of rot ....

In 1953 our goal was 60 billions-- nothing more than that. Now we are 80 billions --this up 33 1/3 percent.

I knew we had a bad year in 1958 - and Sputniks, etc. but we have not been tough enough in looking at our reasons -- in looking at all the glittering array of things the Federal Government might do -- we don't have to do them all this year! Unless we look at these things in a tough way, we have not got the pointed issue which we can win on.

One of the issues will be the mess in the U.S. Senate's majority leadership. This will of course be a point of attack. But on the things which make an impression on the farmers and on the workers on 5th Avenue: to be able to say to them "We have reduced the fat Federal rolls" -- this is always appealing. I think we should keep federal employees down to the minimum we possibly can.

If we do not do this, we are going to be vulnerable -- we must look at the whole issue and get the finest kind of appealing program to put before the public.

NOTE FOR RECORD

The President has o.k.'d no Cabinet for Friday, May 29th.

WBP/fh -- 5/26/59

THE WHITE HOUSE
WASHINGTON

May 25, 1959

MEMORANDUM

SUBJECT: Cabinet Agenda for Friday, May 29

The following items are ready for Cabinet this coming Friday, the 29th:

1. Imports of Heavy Power Equipment (Director Hoegh)

Governor Hoegh wishes to bring this matter to Cabinet on Friday after his preliminary discussion with the President on Wednesday morning. The problem, having both foreign and domestic aspects, affects most, if not all, the members of the Cabinet; a Cabinet discussion will enable the President to have full and balanced advice. Following Governor Hoegh's conversation with the President, he may have a paper which will be sent around in advance of the Cabinet meeting.

2. Implementation of the Water Resources Report (General Bragdon)

Recently, General Bragdon submitted the results of the Assistant Secretary and Under Secretary level discussions (which he chaired) among Interior, Agriculture, Army, Justice, and Budget on the problem of how to move ahead with the implementation of the Report of the Cabinet Committee on Water Resources Policy, which was approved at Cabinet in November of 1955.

The viewpoints of the participating Departments, short of Cabinet level, are well set forth.

With the problem having now been "staffed" well, and the point of choice and Presidential guidance at hand, the most appropriate next step will be a discussion at Cabinet. To aid in keeping the Cabinet discussion on the brief side, a Cabinet Paper is being prepared outlining the alternatives and setting the framework for the discussion.

3. The Agricultural Legislative Program (Secretary Benson)

June 1 is the new cut-off date for wheat legislation; by Friday Secretary Benson will know what is shaping up in terms of House and Senate action.

Mr. Harlow informs me that this matter will not be on the Leaders' agenda this week; there will not, therefore, be any duplicating discussion.

4. Terms of Reference for the Committee on National Goals (The President or Mr. Merriam)

Members of the Cabinet and their Departments will be expected to cooperate fully with the new Committee as it gets started and does its important work. Therefore, it is important that at the proper time, the Cabinet members have a firsthand briefing on what the Committee is going to try to do, its principal objectives, its time schedule and the way in which they, as Cabinet officers, will be expected to help.

With the Chairman and membership of the Committee on National Goals now having for the most part been selected, the appropriate time would seem to be this Friday. Mr. Merriam has agreed to mention this to the President this week to confirm the scheduling of this item.

5. Monthly Status Report on Expenditures and Personnel (Director Stans)

This regular report will be ready on the 29th; it gives the President and Cabinet members a good opportunity to see how the current FY 1959 budget and personnel levels are actually faring.

Robert Gray
Secretary to the Cabinet

THE WHITE HOUSE
WASHINGTON

May 28, 1959

MEMORANDUM

SUBJECT: Cabinet Agenda for June 5

The following items are now ready for Cabinet discussion.

1. Imports of Heavy Power Equipment (Director Hoegh)

Governor Hoegh will see the President on Friday morning on this matter. He will ask the President about the desirability of a Cabinet discussion and if the answer is "yes", it would be listed first on June 5, with an advance Cabinet paper circulated.. Since this problem has both foreign and domestic aspects, it affects most if not all the Cabinet members.

2. Implementation of the Water Resources Report (General Bragdon)

Recently, General Bragdon submitted the results of the Assistant Secretary and Under Secretary level discussions (which he chaired) among Interior, Agriculture, Army, Justice, and Budget on the problem of how to move ahead with the implementation of the Report of the Cabinet Committee on Water Resources Policy, which was approved at Cabinet in November of 1955.

The viewpoints of the participating Departments, short of Cabinet level, are well set forth.

With the problem having now been "staffed" well, and the point of choice and Presidential guidance at hand, the most appropriate next step will be a discussion at Cabinet. To aid in keeping the Cabinet discussion on the brief side, a Cabinet Paper is being prepared outlining the alternatives and setting the framework for the discussion.

3. Guidelines for the FY 1961 Budget (Director Stans)

Mr. Staats, speaking for Director Stans, has asked that we list on the Cabinet agenda a discussion of the objectives and directions for the FY 1961 budget. The Bureau will soon send out its annual "call" for the estimates from the Departments. Prior to this "call", there is an annual Cabinet discussion wherein the President indicates his policies and desires with respect to the budget; these then become the guiding principles for the Departments in preparing their requests to the Bureau.

4. Terms of Reference for the Committee on National Goals

(The President
or Mr. Merriam)

Members of the Cabinet and their Departments will be expected to cooperate fully with the new Committee as it gets started and does its important work. Therefore, it is important that at the proper time, the Cabinet members have a firsthand briefing on what the Committee is going to try to do, its principal objectives, its time schedule and the way in which they, as Cabinet officers, will be expected to help.

With the Chairman and membership of the Committee on National Goals now having for the most part been selected, an early Cabinet discussion would be appropriate.

5. Regional Civil Defense and Defense Mobilization Control Centers

(Governor Hoegh)

On Wednesday, the Civil and Defense Mobilization Board approved the paper prepared by Governor Hoegh pursuant to the Cabinet assignment from last October 9, i.e. that action on his proposal to harden regional control centers "was deferred pending a presentation which will set forth the designs, the locations (preferably on government-owned land), the full costs and all other pertinent data."

This paper, complete with designs and diagrams, is ready for Cabinet discussion and Presidential approval. The Bureau of the Budget concurs in the financial recommendations of the paper.

6. Special Study of the Federal Relocation Arc (Governor Hoegh)

At that Cabinet meeting of October 9, it was also agreed that the Director of OCDM would "prepare for consideration of the Cabinet... a special review of the Relocation Arc for the purpose of assisting in a final determination (1) of the optimum number of sites and (2) on giving selected sites greater protection."

The Civil and Defense Mobilization Board, at its level, has completed its review of the paper prepared; this paper is being revised in accordance with Civil and Defense Mobilization Board discussion and readied for Cabinet discussion and Presidential decision.

The paper makes a series of very significant recommendations.

Robert Gray
Secretary to the Cabinet

THE WHITE HOUSE
WASHINGTON

June 2, 1959

MEMORANDUM

SUBJECT: Additional Items for Cabinet on Friday

In addition to the two OCDM papers and the Budget Status Report which were approved last Friday for this week's agenda, two other items are ready as follows:

1. Report from the Cabinet Committee on Price Stability for Economic Growth (The Vice President)

One of the principal tasks the President has assigned to the above Committee is "to build a better public understanding of the conditions necessary for maintaining growth and price stability." The Committee plans to issue statements from time to time as one way of fulfilling this assignment. Its first statement is due this Friday, but before it is issued (in the afternoon), the Vice President wishes to discuss it with the Cabinet.

2. Post-Cabinet Briefing on Trade Policy as it Affects National Security (Mr. Dillon and Assistant Secretary Mann)

The President recently asked that the NSC be given a presentation by State on the above question. The NSC Planning Board has reviewed it and it is scheduled for the NSC agenda on Thursday. Mr. Gordon Gray has suggested that this presentation should be seen by those "domestic" Cabinet members not participants in the NSC; accordingly, a post-Cabinet session with this presentation could be arranged on Friday.

Robert Gray
Secretary to the Cabinet

CONFIDENTIAL

THE WHITE HOUSE
WASHINGTON

June 4, 1959

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Friday, June 5, 1959

The following items are listed on the agenda for Friday's meeting:

1. Monthly Report of FY 1959 Expenditure and Personnel Levels (Director Stans)

Toward the end of each month, Director Stans presents to the Cabinet this graphic summary of the current fiscal year's expenditures, as compared with the earlier projections. He does the same with respect to Federal personnel levels.

This oral report enables you and each Cabinet Member to see just where the accomplishments, the weak spots and the danger spots are and to discuss corrective actions.

2. Regional OCDM Control Centers (Director Hoegh)

At the conclusion of the Cabinet presentation on October 9, action on Governor Hoegh's proposal to harden regional control centers "was deferred pending a presentation which will set forth the designs, the locations (preferably on government-owned land), the full costs and all other pertinent data."

A paper complete with designs and diagrams to cover the above will be presented for Cabinet discussion and Presidential approval.

DECLASSIFIED E.O. 11652, Sec. 11
Authority NLE MR 77-106, #5
By D. W. S. NLE Date 6/3/77

~~CONFIDENTIAL~~

3. Special Study of the Federal Relocation Arc (Director Hoegh)

At a past meeting of the Cabinet the Director of OCDM was instructed "to prepare a special review of the Relocation Arc for the purpose of assisting in a final determination of the optimum number of sites and of giving selected sites greater protection."

The review has been completed. Governor Hoegh's presentation will enlarge on the Cabinet paper which has been given full circulation.

POST-CABINET BRIEFING:

4. The Effects of U. S. Import Trade Policy on National Security (Acting Secretary Dillon and Deputy Assistant Secretary Beale)

At Gordon Gray's suggestion, this presentation has been scheduled for the benefit of Cabinet Members who are not regular participants in the National Security Council, and will be presented after you and regular NSC members have left the meeting.

Bob

Robert Gray
Secretary to the Cabinet

CABINET PAPER—PRIVILEGED
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CP - 59-22/1

June 1, 1959

The White House
Washington

THE CABINET

Regional OCDM Control Centers

For consideration by the Cabinet, attached is a paper (preceded by a Brief) prepared by the Director of the Office of Civil and Defense Mobilization.

This paper has been developed pursuant to the assignment made at the Cabinet meeting of October 9, 1958 (RA - 58-118, Item 1(a)iii and paragraph I-C of approved Cabinet Paper 58-87/1).

The proposals set forth in this paper have been discussed and approved (except as indicated) by the Civil and Defense Mobilization Board.

Four sketches indicate the design and use features of the control centers proposed.

The attached paper, if approved, will supplement Cabinet Paper 22 of March 28, 1955; it is related to approved Cabinet Paper 59-79/1 of today's date.

Robert Gray
Secretary to the Cabinet

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CP - 59-22/1

June 1, 1959

The White House

Washington

THE CABINET

REGIONAL OCDM CONTROL CENTERS

BRIEF

Problem: That well-protected regional operational sites, manned by OCDM staff and appropriate representatives from the Departments and other agencies, be established for OCDM Regions.

Discussion: On the basis of staff studies and experience in Operation Alert 1958, a recommendation was made at the Cabinet Meeting of October 9, 1958, for the establishment of protected regional control centers. Action on the recommendation was deferred, pending presentation of more detailed information. (RA-58-118)

The proposed centers would be the control points for the regional civil defense and defense mobilization activities of the Federal government during an attack emergency. They would provide space for 200 OCDM and other agency personnel on the basis of every day occupancy and for an augmentation staff of 300.

The centers would be protected from blast up to 30 pounds per square inch, and from radiation. Each would have an effective filter system, and be operable under "buttoned-up" conditions.

Based on design criteria provided by OCDM, General Services Administration has developed a preliminary cost estimate of $2,700,000 for the first of these regional facilities. It is estimated that the other seven of the sites would cost $3,000,000 each, thus the estimated cost of the total program would be $23,700,000. An architectural engineering contractor is preparing design drawings, specifications and construction contract cost estimates.

Recommendations: It is recommended that the President approve: (1) the plan and program as presented, (2) authorization to proceed with the construction of one regional underground center, and (3) construction for two additional sites during FY 1961, two in FY 1962, and three in FY 1963, based on the results of the initial construction.

Implementation: The President directs: (1) the Director, OCDM, to initiate necessary action to obtain funds for construction of the first of these centers during FY 1960 [1]; (2) the Director, OCDM, to request the General Services Administration to award a construction contract for the prototype structure; and (3) the Director, OCDM, to include in his budgets for the Fiscal Years 1961, 1962, and 1963 the request for funds to finance the remaining centers.

---

[1] The Director of the Bureau of the Budget recommends postponement of the request for funds for the first center until the regular FY 1961 budget or, as an alternative, deferment of the FY 1960 supplemental request until the next session of Congress.

CABINET PAPER
For Consideration

CABINET PAPER—PRIVILEGED CP - 59-22/1
Property of the White House—For Authorized Persons Only June 1, 1959

The White House

Washington

THE CABINET

REGIONAL OCDM CONTROL CENTERS

Problem: That well-protected regional operational sites, manned by OCDM staff and appropriate representatives from the Departments and other agencies, be established for OCDM Regions.

Discussion: On the basis of staff studies over the past eighteen months and experience in Operation Alert 1958, a recommendation was made at the Cabinet Meeting of October 9, 1958, for the establishment of protected regional control centers. Action on the recommendation was deferred, pending presentation of more detailed information. (RA-58-118)

In considering the substance of this proposal, the following factors are pertinent.

1. Planning and analysis to date make it clear that decentralized Federal guidance and control will be necessary under an attack emergency. The direct effects of attack, as well as fallout, will divide the nation into an unpredictable number of "islands of survival." The eight OCDM regions provide a basis for the required decentralized Federal leadership.

2. The eight regional centers require a reasonable degree of protection against weapons effects. This protection must include protection against blast in order to increase the chances of the survival of the centers, as the sites of the decentralized Federal direction and control.

3. One or more of the regional centers may be required to operate independently over extended periods and, in addition, there is the possibility that one of them may assume the role of national direction and coordination of civil and defense mobilization activities. The provision of eight protected centers contributes materially to the continuity of the Federal government.

4. The provision of the regional centers adds flexibility to top Federal direction by making a protected point of operation accessible and available to the President, Cabinet officers, the Director of OCDM, and other key Federal officials, no matter where within the United States they might happen to be.

The proposed regional centers will be the bases for OCDM every day regional operations from which the Regional Directors of OCDM or their successors in an attack emergency will coordinate and, in appropriate circumstances, direct the civil defense and defense mobilization activities of the Federal agency field establishment within their regions. These centers will also house designated numbers of other agency personnel, including executive reservists, and limited numbers of personnel who before an emergency would perform liaison with their own regional headquarters and assist the OCDM Regional Directors in the coordination of the over-all regional program. In an emergency, in the event that other agencies are unable to operate at their regular or alternate sites, and contact with national headquarters has been disrupted, agency representatives at the OCDM regional control centers will assist the OCDM Regional Directors in making necessary decisions and will be prepared to take actions, as may be indicated and are feasible, with respect to their own agencies' functions.

Planning for these centers has been related to the requirement for 500 personnel under emergency conditions. This figure was developed from the field experience of OCDM Regional Directors in day-to-day operations and in exercises, particularly Operation Alert. In addition, the number of other agency personnel as listed in the attachment have been furnished by each agency on the basis of numbers required to carry out their functions at the regional centers. This total of 500 would be divided as follows:

Pre-emergency:

140 permanent OCDM staff
60 from other agencies.

Augmentation in an emergency:

60 OCDM Reservists and State representatives
240 from other agencies, including Reservists and Red Cross.

The regional center will be geared to operate under "buttoned up" conditions and on multiple shifts. Space and berthing facilities will be utilized on a rotational basis.

The regional centers will be strategically located in relation to such factors as vulnerability of areas, accessibility of communications, transportation capability, location of other Federal agencies and availability of supporting facilities and services. It is proposed that the first such center be located near Denton, Texas, the city which houses the regional office for OCDM Region 5. This city is located about 35 miles north of Dallas. Specific site recommendations have not been made for each of the other regions, but will be resolved, after coordination with other Federal agencies and departments.

Each regional center will be designed to provide adequate protection from radiation and have 30 pounds per square inch of blast protection with an effective filter system. The filter system will protect not only against the radiological hazard but also biological and chemical hazards. Communications will be installed with the necessary back-up system connecting the site with the OCDM Classified Location, with Battle Creek, with States within the region, and with regional Federal agency facilities (normal and emergency). Design criteria have been prepared for protective features, operational and equipment requirements, and the functional layout. These basic criteria are reflected in the exhibits.

Engineers of the Public Building Service of GSA and OCDM have developed a preliminary cost estimate of $2,700,000 for the first of these facilities. These funds will provide the structure, including the facilities and equipment for heating, lighting, air conditioning, and an elevator. Also included are auxiliary power and water supplies. Preliminary estimates also indicate that because of the continuing rise in construction costs, the remaining seven sites would cost $3,000,000 each. On the basis of these estimates of cost, the total program for the eight sites would amount to $23,700,000.

General Services Administration has negotiated an architectural engineer contract for the preparation of design drawings, specifications, and construction contract cost estimates.

Recommendations: It is recommended that the President approve:

1. The plan and program as recommended.
2. Authorization to proceed with construction of one regional underground center during FY 1960.
3. Construction for two additional sites during FY 1961, two in FY 1962, and three in FY 1963, based on the results of the initial construction.

Implementation: The President directs:

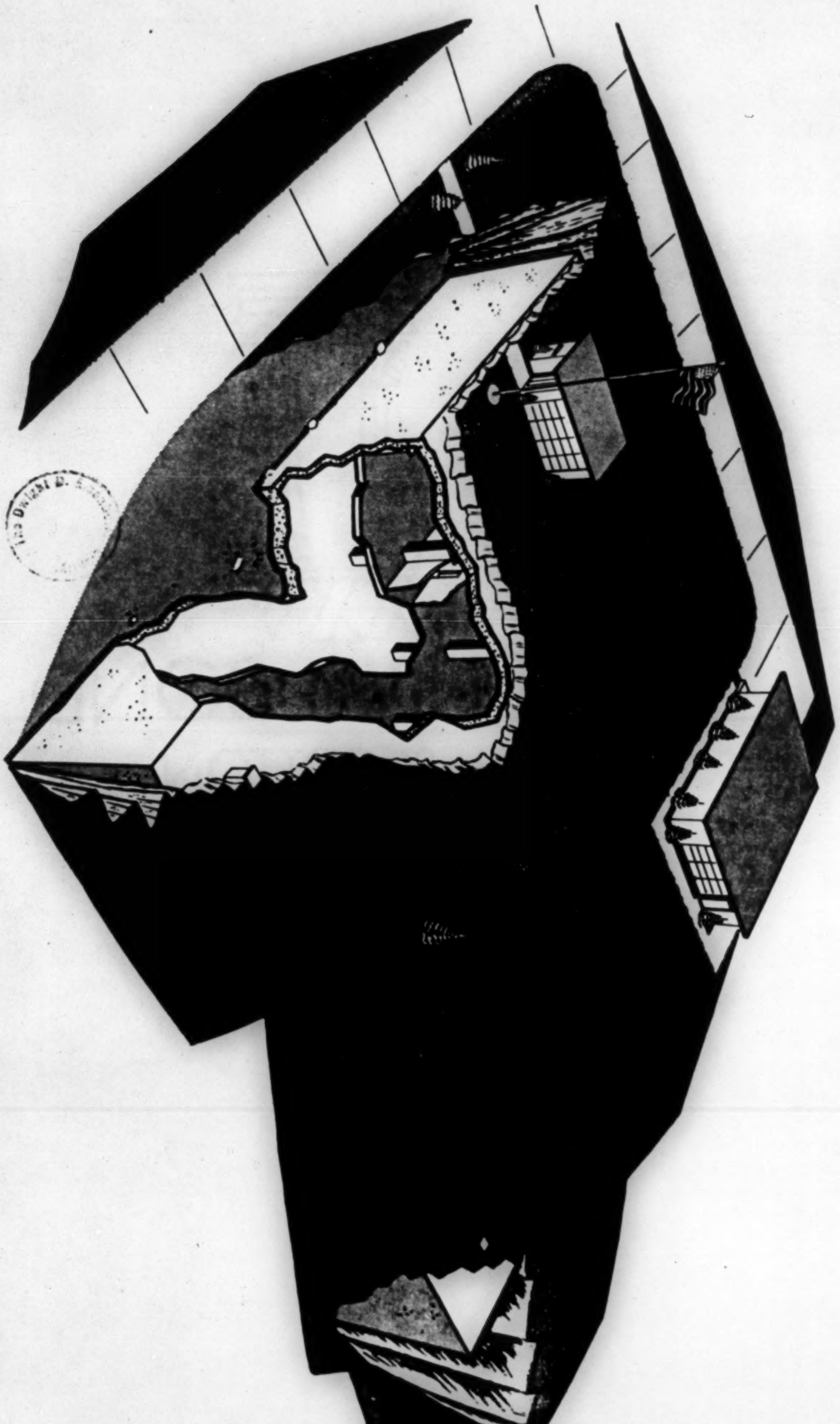
1. The Director, OCDM, to initiate necessary action to obtain funds for construction of the first of these centers during FY 1960 1/
2. The Director, OCDM, to request the General Services Administration to award a construction contract for the prototype structure.
3. The Director, OCDM, to include in his budgets for the Fiscal Years 1961, 1962, and 1963 the request for funds to finance the remaining centers.

1/ The Director of the Bureau of the Budget recommended postponement of the request for funds for the first center until the regular FY 1961 budget or, as an alternative, deferment of the FY 1960 supplemental request until the next session of Congress.

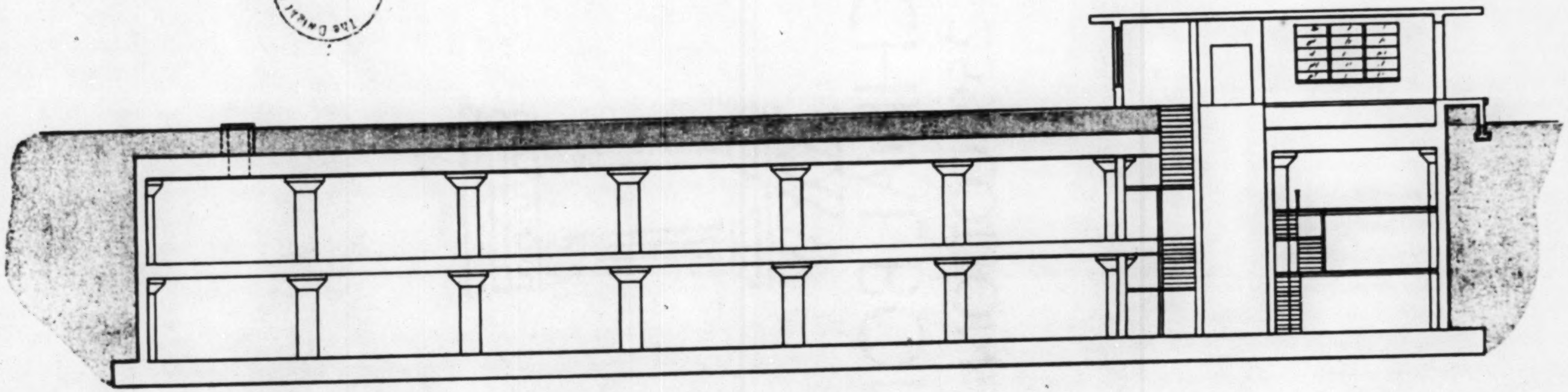
Attachment

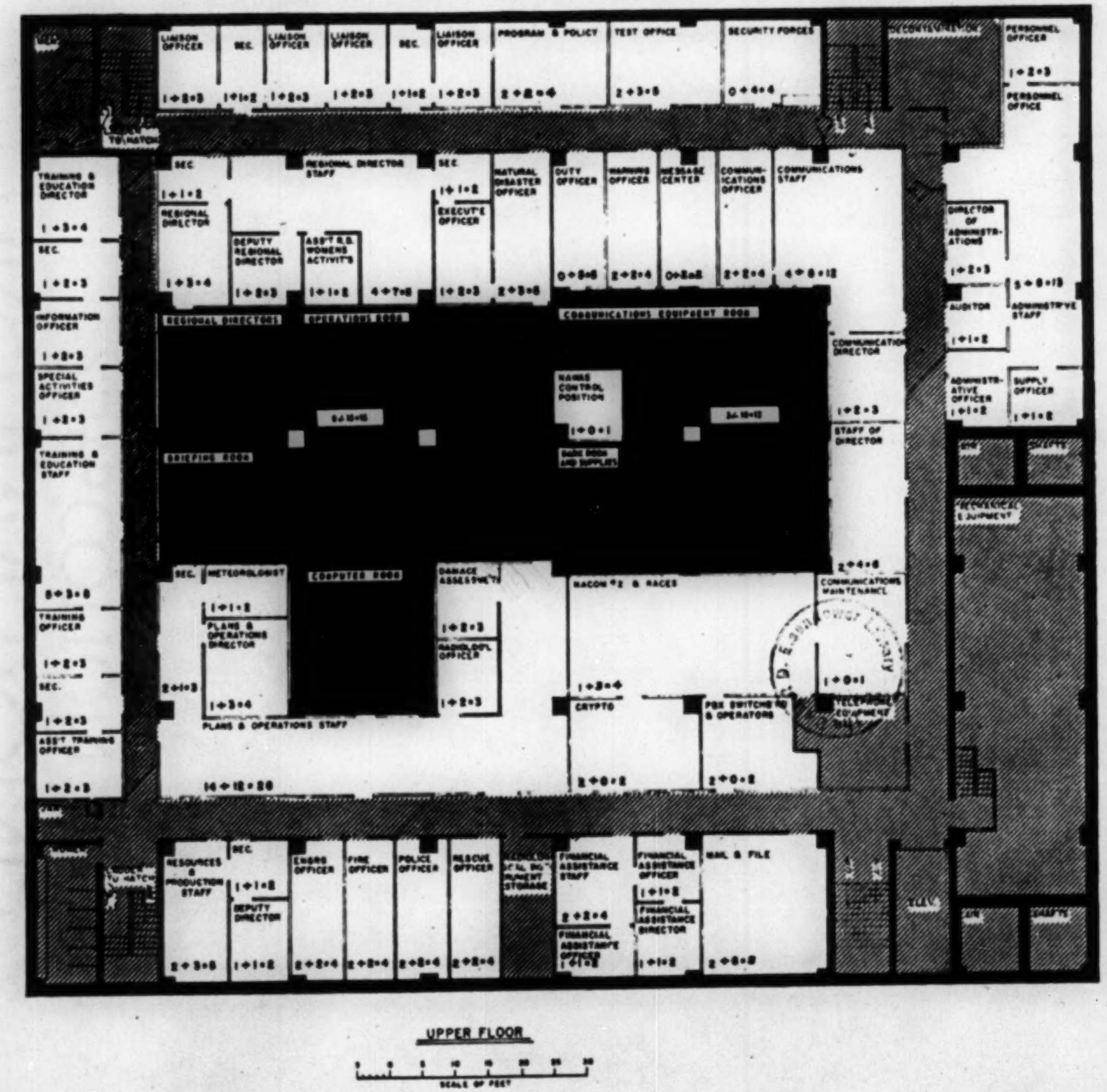
The staffing pattern for a regional control center is as follows:

a. Other Agencies	Preattack	Augmentation	Total Emergency
(1) Professional			
Agriculture	1	9	10
Atomic Energy Commission	0	2	2
Civil Service Commission	0	2	2
Commerce	4	10	14
Defense	0	3	3
Federal Aviation Agency	2	0	2
Federal Communications Comm.	0	2	2
Federal Power Commission	0	1	1
Federal Reserve System	2	2	4
General Services Administration	1	3	4
Health, Education & Welfare	8	15	23
Housing & Home Finance Agency	1	3	4
Interior	2	20	22
Interstate Commerce Commission	0	4	4
Justice	0	2	2
Labor	2	8	10
Post Office	1	2	3
Selective Service System	2	2	4
Treasury	2	6	8
Veterans Administration	2	10	12
Total Professional-Government	30	106	136
American Red Cross	2	6	8
Total Professional - Government & Red Cross	32	112	144
(2) Clerical	9	36	45
(3) Reservists		37	37
(4) Expansion	19	55	74
Total - Other Agencies, Government & Red Cross	60	240	300
b. OCDM			
(1) Regular Staff	140		140
(2) Reservists & State CD Representatives		60	60
Total OCDM	140	60	200
Grand Total	200	300	500



OCDM REGIONAL CONTROL CENTER
TYPICAL CROSS SECTION




LIAISON OFFICER
1+2=3
SEC.
1+1=2
LIAISON OFFICER
1+2=3
LIAISON OFFICER
1+2=3
SEC.
1+1=2
LIAISON OFFICER
1+2=3
PROGRAM & POLICY
2+2=4
TEST OFFICE
2+3=5
SECURITY FORCES
0+4=4
DECONTAMINATION
PERSONNEL OFFICER
1+2=3
PERSONNEL OFFICE
TO HATCH
TRAINING & EDUCATION DIRECTOR
1+3=4
SEC.
1+2=3
INFORMATION OFFICER
1+2=3
SPECIAL ACTIVITIES OFFICER
1+2=3
TRAINING & EDUCATION STAFF
5+3=8
TRAINING OFFICER
1+2=3
SEC.
1+2=3
ASS'T TRAINING OFFICER
1+2=3
SEC.
1+1=2
REGIONAL DIRECTOR
1+3=4
REGIONAL DIRECTOR STAFF
DEPUTY REGIONAL DIRECTOR
1+2=3
ASS'T R.D. WOMENS ACTIVIT'S
1+1=2
4+7=11
SEC.
1+1=2
EXECUT'E OFFICER
1+2=3
NATURAL DISASTER OFFICER
2+3=5
DUTY OFFICER
0+6=6
WARNING OFFICER
2+2=4
MESSAGE CENTER
0+2=2
COMMUN-ICATIONS OFFICER
2+2=4
COMMUNICATIONS STAFF
4+8=12
DIRECTOR OF ADMINISTR-ATIONS
1+2=3
5+8=13
AUDITOR
1+1=2
ADMINISTR'VE STAFF
ADMINISTR-ATIVE OFFICER
1+1=2
SUPPLY OFFICER
1+1=2
REGIONAL DIRECTORS
OPERATIONS ROOM
COMMUNICATIONS EQUIPMENT ROOM
NAWAS CONTROL POSITION
1+0=1
DARK ROOM AND SUPPLIES
BRIEFING ROOM
COMMUNICATION DIRECTOR
1+2=3
STAFF OF DIRECTOR
SHAFTS
MECHANICAL EQUIPMENT
SEC.
METEOROLOGIST
1+1=2
PLANS & OPERATIONS DIRECTOR
2+1=3
1+3=4
PLANS & OPERATIONS STAFF
14+12=26
COMPUTER ROOM
DAMAGE ASSESSMENT
1+2=3
RADIOLOG'L OFFICER
1+2=3
RACON #2 & RACES
1+3=4
CRYPTO
2+0=2
PBX SWITCHBOARD & OPERATORS
2+0=2
2+4=6
COMMUNICATIONS MAINTENANCE
1+0=1
TELEPHONE EQUIPMENT
RESOURCES & PRODUCTION STAFF
2+3=5
SEC.
1+1=2
DEPUTY DIRECTOR
1+1=2
ENGRS OFFICER
2+2=4
FIRE OFFICER
2+2=4
POLICE OFFICER
2+2=4
RESCUE OFFICER
2+2=4
RADIOLOGICAL INSTRUMENT STORAGE
FINANCIAL ASSISTANCE STAFF
2+2=4
FINANCIAL ASSISTANCE OFFICER
1+1=2
FINANCIAL ASSISTANCE OFFICER
1+1=2
FINANCIAL ASSISTANCE DIRECTOR
1+1=2
MAIL & FILE
2+6=8
ELEV.
SHAFTS
UPPER FLOOR
0 5 10 15 20 25 30
SCALE OF FEET

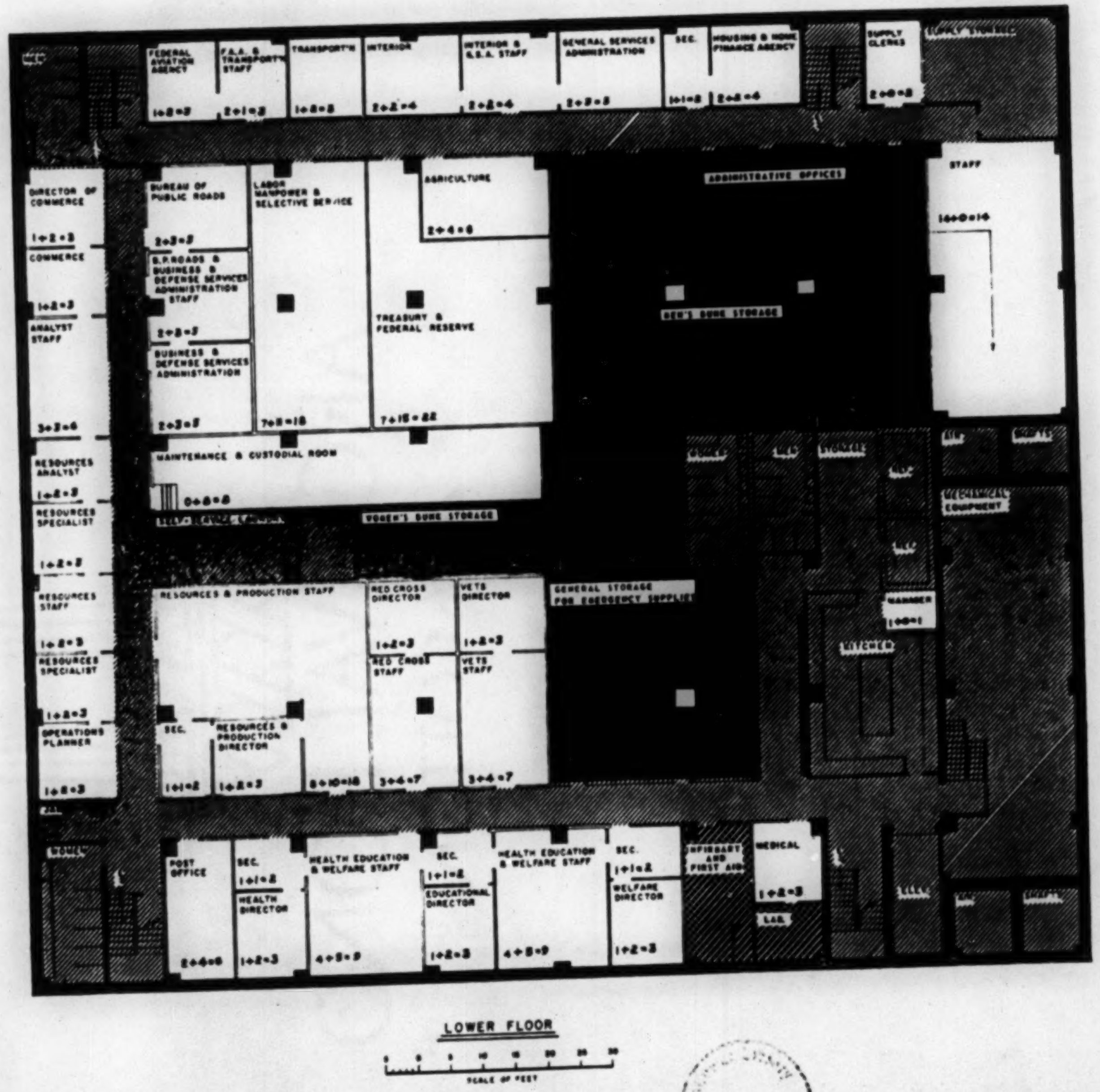
▨ STORAGE - EQUIPMENT - STAIRWELLS
TOILETS - CORRIDORS - ETC.

■ NORMAL AND EMERGENCY
NO. PERSONNEL VARIABLE

NORMAL + AUGMENTATION = EMERGENCY
103 + 171 = 274

OFFICE OF CIVIL
AND
DEFENSE MOBILIZATION

PRELIMINARY DRAWING OF
PROPOSED 2-STORY REGIONAL
UNDERGROUND CENTER


FEDERAL AVIATION AGENCY
1+2=3
F.A.A. & TRANSPORT'N STAFF
2+1=3
TRANSPORT'N
1+2=3
INTERIOR
2+2=4
INTERIOR & G.S.A. STAFF
2+2=4
GENERAL SERVICES ADMINISTRATION
2+3=5
SEC.
1+1=2
HOUSING & HOME FINANCE AGENCY
2+2=4
SUPPLY CLERKS
2+0=2
SUPPLY STORAGE
DIRECTOR OF COMMERCE
1+2=3
COMMERCE
1+2=3
ANALYST STAFF
3+3=6
RESOURCES ANALYST
1+2=3
RESOURCES SPECIALIST
1+2=3
RESOURCES STAFF
1+2=3
RESOURCES SPECIALIST
1+2=3
OPERATIONS PLANNER
1+2=3
BUREAU OF PUBLIC ROADS
2+3=5
B.P.ROADS & BUSINESS & DEFENSE SERVICES ADMINISTRATION STAFF
2+3=5
BUSINESS & DEFENSE SERVICES ADMINISTRATION
2+3=5
LABOR MANPOWER & SELECTIVE SERVICE
7+8=15
AGRICULTURE
2+4=6
TREASURY & FEDERAL RESERVE
7+15=22
MAINTENANCE & CUSTODIAL ROOM
0+8=8
WOMEN'S BUNK STORAGE
ADMINISTRATIVE OFFICES
MEN'S BUNK STORAGE
STAFF
14+0=14
MECHANICAL EQUIPMENT
STORAGE
RESOURCES & PRODUCTION STAFF
8+10=18
SEC.
1+1=2
RESOURCES & PRODUCTION DIRECTOR
1+2=3
RED CROSS DIRECTOR
1+2=3
RED CROSS STAFF
3+4=7
VETS DIRECTOR
1+2=3
VETS STAFF
3+4=7
GENERAL STORAGE FOR EMERGENCY SUPPLIES
MANAGER
1+0=1
KITCHEN
POST OFFICE
2+4=6
SEC.
1+1=2
HEALTH DIRECTOR
1+2=3
HEALTH EDUCATION & WELFARE STAFF
4+5=9
SEC.
1+1=2
EDUCATIONAL DIRECTOR
1+2=3
HEALTH EDUCATION & WELFARE STAFF
4+5=9
SEC.
1+1=2
WELFARE DIRECTOR
1+2=3
INFIRMARY AND FIRST AID
MEDICAL
1+2=3
LAB.
0
5
10
15
20
25
30
SCALE OF FEET

LOWER FLOOR

■ EMERGENCY SLEEPING

▩ STORAGE — EQUIPMENT — STAIRWELLS
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OFFICE OF CIVIL
AND
DEFENSE MOBILIZATION

PRELIMINARY DRAWING OF
PROPOSED 2- STORY REGIONAL
UNDERGROUND CENTER

BRIEFING FOR CABINET PRESENTATION ON PROTECTED OCDM REGIONAL CONTROL CENTERS

MR. PRESIDENT:

WHEN THE RECOMMENDATION FOR PROTECTED REGIONAL CONTROL CENTERS WAS CONSIDERED AT THE CABINET MEETING OF OCTOBER 9, 1958, MORE DETAILED INFORMATION WAS REQUESTED. THIS PAPER PROVIDES THAT INFORMATION AND MAKES CERTAIN RECOMMENDATIONS.

AFTER OPAL 1958, IT WAS THE UNANIMOUS RECOMMENDATION OF THE SEMINAR GROUP ON OPERATIONAL READINESS THAT CAPABILITY OF THE FEDERAL GOVERNMENT TO OPERATE AT THE REGIONAL LEVEL UNDER EMERGENCY CONDITIONS MUST BE STRENGTHENED. THE ATTACK PATTERN OF THAT EXERCISE SHOWED THAT THERE WOULD BE ISLANDS OF SURVIVAL THROUGHOUT THE UNITED STATES WHICH MUST HAVE THE CAPABILITY FOR INDEPENDENT ACTION.

Chart No. 1

PROTECTED REGIONAL CONTROL CENTERS BEAR A STRONG RELATIONSHIP TO NATIONAL SURVIVAL. THE EIGHT OCDM REGIONAL CENTERS WOULD PROVIDE BASES FOR DECENTRALIZED FEDERAL CONTROL AND LEADERSHIP. PROTECTED, THEY WOULD GREATLY INCREASE THE PROBABILITY FOR CONTINUITY OF FEDERAL DIRECTION AND WOULD BE THE RALLYING POINTS FOR RECOVERY ACTION.

EACH REGIONAL CONTROL CENTER JUSTIFIES PROTECTION AS A SUBORDINATE OR AN ALTERNATE COMMAND HEADQUARTERS. ANY ONE OF THEM MIGHT BE REQUIRED TO OPERATE INDEPENDENTLY, OR EVEN TO DIRECT THE TOTAL FEDERAL RECOVERY EFFORT. THE EXISTENCE OF EIGHT PROTECTED CONTROL CENTERS WILL PROVIDE NATIONAL LEADERSHIP AN OPPORTUNITY TO CHOOSE ONE OF MANY LOCATIONS IN AN EMERGENCY.

THE SHORTENING OF PROBABLE WARNING TIME MAKES THE ACCESSIBILITY OF A PROTECTED CONTROL CENTER TO YOURSELF, MR. PRESIDENT, TO CABINET OFFICERS OR TO THE DIRECTOR OF OCDM

HIGHLY IMPORTANT. THE PROVISION OF EIGHT PROTECTED CENTERS MEANS THAT KEY GOVERNMENT OFFICIALS, WHILE IN THIS COUNTRY, WILL NEVER BE MORE THAN ABOUT 750 MILES FROM SUCH A CENTER.

THESE PROPOSED CONTROL POINTS FOR THE REGIONAL CIVIL DEFENSE AND DEFENSE MOBILIZATION ACTIVITIES OF GOVERNMENT ARE FOR USE FOR DAY-TO-DAY OPERATIONS AS WELL AS IN AN ATTACK EMERGENCY. THEY WILL BE USED BY OCDM AND THE OTHER DEPARTMENTS AND AGENCIES. THE STRUCTURES ARE DESIGNED ON AN AUSTERE BASIS. THEY WILL HOUSE 200 EMPLOYEES FOR DAY-TO-DAY WORK AND 500 IN AN EMERGENCY. THESE FIGURES ARE BASED ON ESTIMATES BY MY STAFF AND THE STAFFS OF OTHER DEPARTMENTS AND AGENCIES AS TO THE NUMBERS OF PEOPLE REQUIRED.

THE CENTERS WILL BE STRATEGICALLY LOCATED IN RELATION TO ALL PERTINENT FACTORS SUCH AS VULNERABILITY OF AREAS -- AVAILABILITY OF COMMUNICATIONS, TRANSPORTATION, AND OTHER

SUPPORT FACILITIES -- AND THE LOCATION OF OTHER FEDERAL AGENCIES.

Chart No. 2 THIS MAP SHOWS THE LOCATION OF OUR PRESENT REGIONAL OFFICES. THE SURVEYS CONDUCTED THUS FAR INDICATE THAT THE BEST LOCATIONS FOR THE PROTECTED CENTERS ARE PROBABLY IN THE GENERAL AREAS OF THE PRESENT OCDM REGIONAL OFFICES. IT IS PROPOSED THAT THE FIRST SUCH CENTER BE LOCATED NEAR DENTON, TEXAS, THE CITY WHICH HOUSES THE REGIONAL OFFICE FOR OCDM REGION 5. DETERMINATION ON THE REMAINING SPECIFIC SITES WILL BE COORDINATED WITH THE FEDERAL DEPARTMENTS AND AGENCIES AFFECTED.

Chart No. 3 THE STRUCTURE WOULD BE ABOUT 140 FEET BY 160 FEET. IT WOULD HAVE TWO SMALL STRUCTURES ABOVE GROUND AS SHOWN IN THE SKETCH AND TWO LEVELS UNDERGROUND. IT WILL PROVIDE 30 PSI BLAST PROTECTION AND WILL INCORPORATE A FILTER SYSTEM AGAINST RADIOACTIVE PARTICLES AND BIOLOGICAL AND CHEMICAL AGENT

THE UPPER LEVEL INCLUDES THE OPERATIONS ROOM, COMMUNICATIONS CENTER, DECONTAMINATION CHAMBER AND OFFICE SPACE FOR USE IN AN EMERGENCY OR IN DAY-TO-DAY OPERATIONS.

THE LOWER LEVEL CONTAINS THE EMERGENCY SLEEPING AREAS, MUCH OF THE MECHANICAL EQUIPMENT AND ADDITIONAL OFFICE SPACE.

Chart No. 4

THE PRELIMINARY ESTIMATE OF COST FOR CONSTRUCTION OF THE INITIAL STRUCTURE IN FY 1960 IS $2,700,000.. ALLOWING FOR PRICE INCREASES, THE OTHER SEVEN CENTERS TO BE CONSTRUCTED IN FY 1961-62-63 ARE ESTIMATED TO COST $3,000,000 EACH. THIS WILL INVOLVE AN EXPENDITURE OF $6,000,000 IN FISCAL YEARS 1961 AND IN 1962, AND $9,000,000IN FISCAL YEAR 1963 FOR A TOTAL COST OF $23,700,000.

Chart
No. 5

IT IS RECOMMENDED THAT:

1. THE PLAN AND PROGRAM AS RECOMMENDED BE APPROVED.

2. AUTHORIZATION BE GRANTED TO PROCEED WITH CONSTRUCTION OF ONE REGIONAL UNDERGROUND CENTER DURING FY 1960.

3. CONSTRUCTION BE APPROVED FOR TWO ADDITIONAL SITES DURING FY 1961, TWO IN FY 1962, AND THREE IN FY 1963, BASED ON THE RESULTS OF THE INITIAL CONSTRUCTION.

CABINET PAPER—PRIVILEGED

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CP - 59-22/2

June 9, 1959

The White House

Washington

THE CABINET

Regional OCDM Control Centers

The attached approved paper is circulated for action by the Director of the Office of Civil and Defense Mobilization, the Director of the Bureau of the Budget and the Administrator of General Services, and for the information of other affected Departments and Agencies.

This paper was approved at the Cabinet meeting of June 5, 1959 (RA - 59-134, Item 2). Since that meeting, the "necessary arrangements... for the financing" referred to in RA - 59-134, Subparagraph 2(b), have been agreed upon; point 3 under "Recommendations" and Point 3 under Implementation have been changed to reflect this agreement.

Recipients of this paper are asked to detach from their copies of CP - 59-22/1 the four sketches, and append them at the end of this document.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

CP - 59-22/2
June 9, 1959

The White House

Washington

THE CABINET

Regional OCDM Control Centers

Problem: That well-protected regional operational sites, manned by OCDM staff and appropriate representatives from the Departments and other agencies, be established for OCDM Regions.

Discussion: On the basis of staff studies over the past eighteen months and experience in Operation Alert 1958, a recommendation was made at the Cabinet Meeting of October 9, 1958, for the establishment of protected regional control centers. Action on the recommendation was deferred, pending presentation of more detailed information (RA - 58-118, Item 1 (a) iii).

In considering the substance of this proposal, the following factors are pertinent.

1. Planning and analysis to date make it clear that decentralized Federal guidance and control will be necessary under an attack emergency. The direct effects of attack, as well as fallout, will divide the nation into an unpredictable number of "islands of survival." The eight OCDM regions provide a basis for the required decentralized Federal leadership.

2. The eight regional centers require a reasonable degree of protection against weapons effects. This protection must include protection against blast in order to increase the chances of the survival of the centers, as the sites of the decentralized Federal direction and control.

3. One or more of the regional centers may be required to operate independently over extended periods and, in addition, there is the possibility that one of them may assume the role of national direction and coordination of civil and defense mobilization activities. The provision of eight protected centers contributes materially to the continuity of the Federal government.

4. The provision of the regional centers adds flexibility to top Federal direction by making a protected point of operation accessible and available to the President, Cabinet officers, the Director of OCDM, and other key Federal officials, no matter where within the United States they might happen to be.

The proposed regional centers will be the bases for OCDM every day regional operations from which the Regional Directors of OCDM or their successors in an attack emergency will coordinate and, in appropriate circumstances, direct the civil defense and defense mobilization activities of the Federal agency field establishment within their regions. These centers will also house designated numbers of other agency personnel, including executive reservists, and limited numbers of personnel who before an emergency would perform liaison with their own regional headquarters and assist the OCDM Regional Directors in the coordination of the over-all regional program. In an emergency, in the event that other agencies are unable to operate at their regular or alternate sites, and contact with national headquarters has been disrupted, agency representatives at the OCDM regional control centers will assist the OCDM Regional Directors in making necessary decisions and will be prepared to take actions, as may be indicated and are feasible, with respect to their own agencies' functions.

Planning for these centers has been related to the requirement for 500 personnel under emergency conditions. This figure was developed from the field experience of OCDM Regional Directors in day-to-day operations and in exercises, particularly Operation Alert. In addition, the number of other agency personnel as listed in the attachment have been furnished by each agency on the basis of numbers required to carry out their functions at the regional centers. This total of 500 would be divided as follows:

Pre-emergency:

140 permanent OCDM staff
60 from other agencies.

Augmentation in an emergency:

60 OCDM Reservists and State representatives
240 from other agencies, including Reservists and Red Cross.

The regional center will be geared to operate under "buttoned up" conditions and on multiple shifts. Space and berthing facilities will be utilized on a rotational basis.

The regional centers will be strategically located in relation to such factors as vulnerability of areas, accessibility of communications, transportation capability, location of other Federal agencies and availability of supporting facilities and services. It is proposed that the first such center be located near Denton, Texas, the city which houses the regional office for OCDM Region 5. This city is located about 35 miles north of Dallas. Specific site recommendations have not been made for each of the other regions, but will be resolved, after coordination with other Federal agencies and departments.

Each regional center will be designed to provide adequate protection from radiation and have 30 pounds per square inch of blast protection with an effective filter system. The filter system will protect not only against the radiological hazard but also biological and chemical hazards. Communications will be installed with the necessary back-up system connecting the site with the OCDM Classified Location, with Battle Creek, with States within the region, and with regional Federal agency facilities (normal and emergency). Design criteria have been prepared for protective features, operational and equipment requirements, and the functional layout. These basic criteria are reflected in the exhibits.

Engineers of the Public Building Service of GSA and OCDM have developed a preliminary cost estimate of $2,700,000 for the first of these facilities. These funds will provide the structure, including the facilities and equipment for heating, lighting, air conditioning, and an elevator. Also included are auxiliary power and water supplies. Preliminary estimates also indicate that because of the continuing rise in construction costs, the remaining seven sites would cost $3,000,000 each. On the basis of these estimates of cost, the total program for the eight sites would amount to $23,700,000.

The General Services Administration has negotiated an architectural engineer contract for the preparation of design drawings, specifications, and construction contract cost estimates.

Recommendations: It is recommended that the President approve:

1. The plan and program as recommended.
2. Authorization to proceed with construction of one regional underground center during FY 1960.
3. Construction for the additional sites, beginning in FY 1962, based on the results of the initial construction.

Implementation:

1. The Director, OCDM, will initiate necessary action to obtain funds for construction of the first of these centers during FY 1960.
2. The Director, OCDM, will request the General Services Administration to award a construction contract for the prototype structure.
3. The Director, OCDM, will include in his budgets for the Fiscal Years beginning in FY 1962, the request for funds to finance the remaining centers.

Attachment

CABINET PAPER—PRIVILEGED

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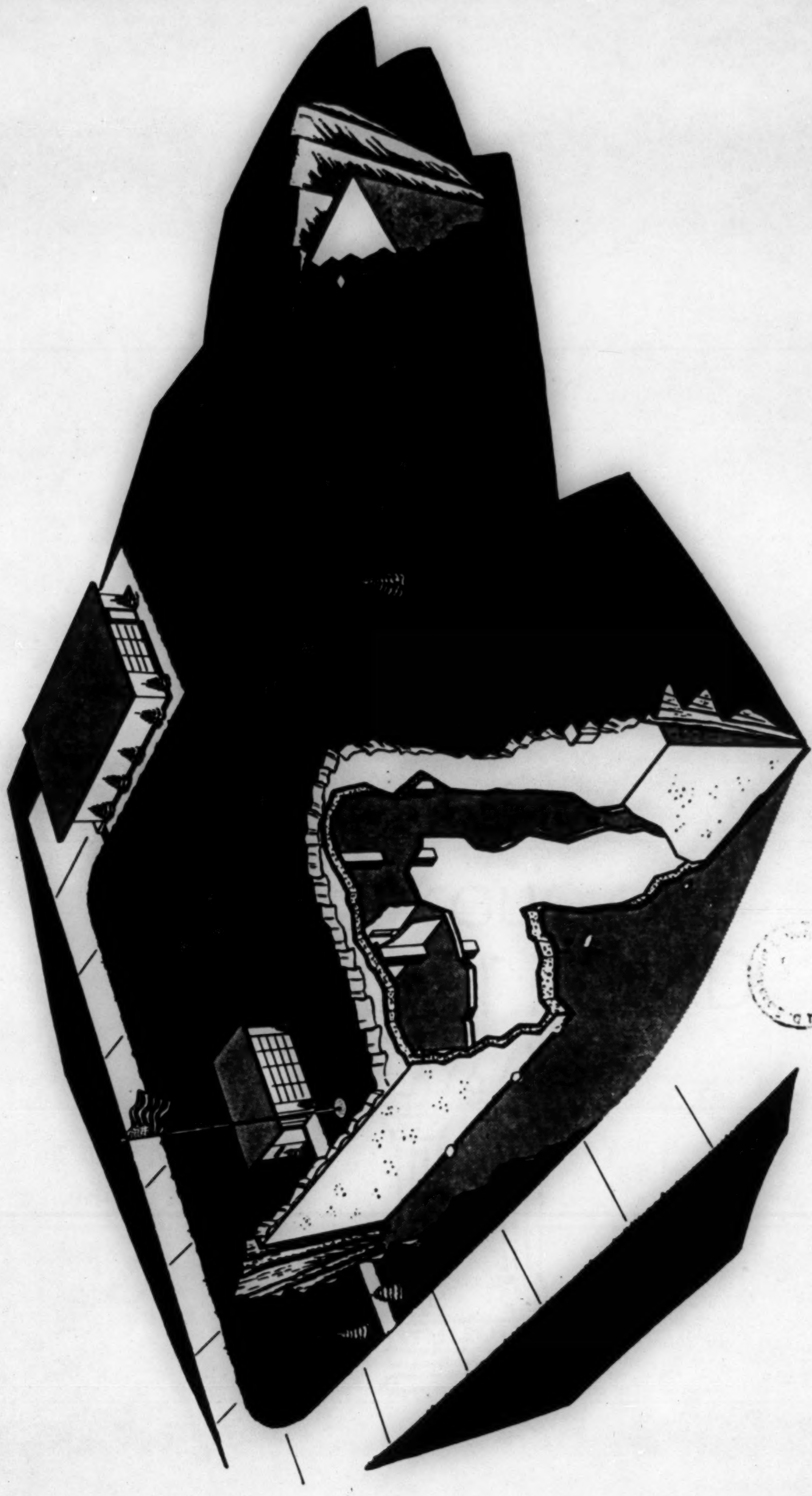
The staffing pattern for a regional control center is as follows:

a. Other Agencies	Preattack	Augmentation	Total Emergency
(1) Professional			
Agriculture	1	9	10
Atomic Energy Commission	0	2	2
Civil Service Commission	0	2	2
Commerce	4	10	14
Defense	0	3	3
Federal Aviation Agency	2	0	2
Federal Communications Comm.	0	2	2
Federal Power Commission	0	1	1
Federal Reserve System	2	2	4
General Services Administration	1	3	4
Health, Education, and Welfare	8	15	23
Housing & Home Finance Agency	1	3	4
Interior	2	20	22
Interstate Commerce Commission	0	4	4
Justice	0	2	2
Labor	2	8	10
Post Office	1	2	3
Selective Service System	2	2	4
Treasury	2	6	8
Veterans Administration	2	10	12
Total Professional-Government	30	106	136
American Red Cross	2	6	8
Total Professional-Government & Red Cross	32	112	144
(2) Clerical	9	36	45
(3) Reservists		37	37
(4) Expansion	19	55	74
Total - Other Agencies, Government & Red Cross	60	240	300
b. OCDM			
(1) Regular Staff	140		140
(2) Reservists & State CD Representatives		60	60
Total OCDM	140	60	200
Grand Total	200	300	500

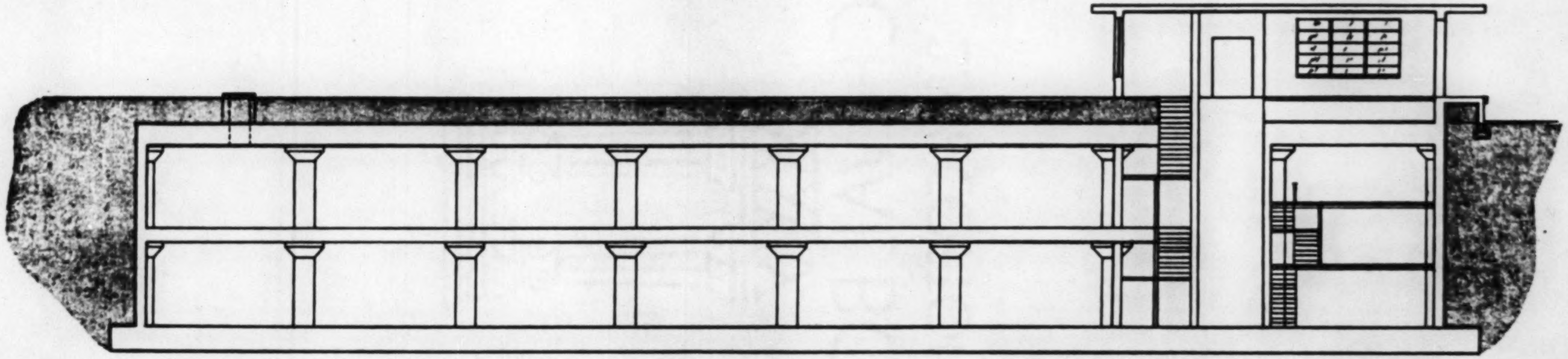
CABINET PAPER

For Action

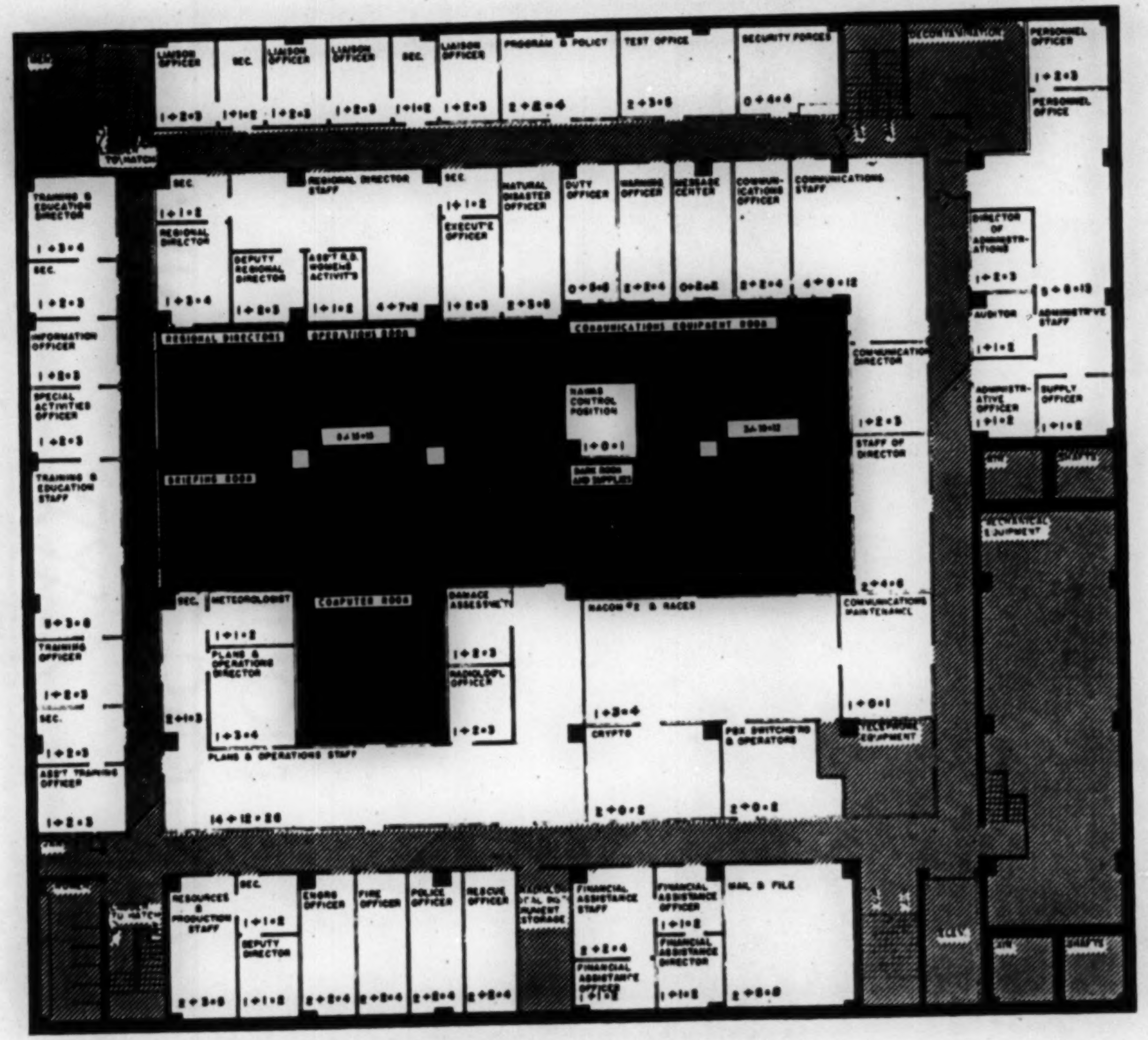


THE OWEN D.

OCDM REGIONAL CONTROL CENTER
TYPICAL CROSS SECTION



Library


LIAISON OFFICER
1+2=3
SEC.
1+1=2
LIAISON OFFICER
1+2=3
LIAISON OFFICER
1+2=3
SEC.
1+1=2
LIAISON OFFICER
1+2=3
PROGRAM & POLICY
2+2=4
TEST OFFICE
2+3=5
SECURITY FORCES
0+4=4
DECONTAMINATION
PERSONNEL OFFICER
1+2=3
PERSONNEL OFFICE
TRAINING & EDUCATION DIRECTOR
1+3=4
SEC.
1+2=3
INFORMATION OFFICER
1+2=3
SPECIAL ACTIVITIES OFFICER
1+2=3
TRAINING & EDUCATION STAFF
5+3=8
TRAINING OFFICER
1+2=3
SEC.
1+2=3
ASS'T TRAINING OFFICER
1+2=3
SEC.
1+1=2
REGIONAL DIRECTOR
1+3=4
REGIONAL DIRECTOR STAFF
DEPUTY REGIONAL DIRECTOR
1+2=3
ASS'T R.D. WOMEN'S ACTIVIT'S
1+1=2
4+7=11
SEC.
1+1=2
EXECUT'E OFFICER
1+2=3
NATURAL DISASTER OFFICER
2+3=5
DUTY OFFICER
0+3=3
WARNING OFFICER
2+2=4
MESSAGE CENTER
0+2=2
COMMUN-ICATIONS OFFICER
2+2=4
COMMUNICATIONS STAFF
4+8=12
DIRECTOR OF ADMINISTR-ATIONS
1+2=3
AUDITOR
1+1=2
5+8=13
ADMINISTRTIVE STAFF
ADMINISTR-ATIVE OFFICER
1+1=2
SUPPLY OFFICER
1+1=2
REGIONAL DIRECTORS
OPERATIONS ROOM
COMMUNICATIONS EQUIPMENT ROOM
BRIEFING ROOM
RAWS CONTROL POSITION
1+0=1
COMMUNICATION DIRECTOR
1+2=3
STAFF OF DIRECTOR
MECHANICAL EQUIPMENT
SEC.
METEOROLOGIST
1+1=2
PLANS & OPERATIONS DIRECTOR
1+3=4
2+1=3
PLANS & OPERATIONS STAFF
14+12=26
COMPUTER ROOM
DAMAGE ASSESSMENT
1+2=3
RADIOLOGICAL OFFICER
1+2=3
RACOM #2 & RACES
1+3=4
CRYPTO
2+0=2
PBX SWITCHBOARD & OPERATORS
2+0=2
2+4=6
COMMUNICATIONS MAINTENANCE
1+0=1
TELEPHONE EQUIPMENT
RESOURCES & PRODUCTION STAFF
2+3=5
SEC.
1+1=2
DEPUTY DIRECTOR
1+1=2
ENGRG OFFICER
2+2=4
FIRE OFFICER
2+2=4
POLICE OFFICER
2+2=4
RESCUE OFFICER
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STORAGE
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2+2=4
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SCALE OF FEET

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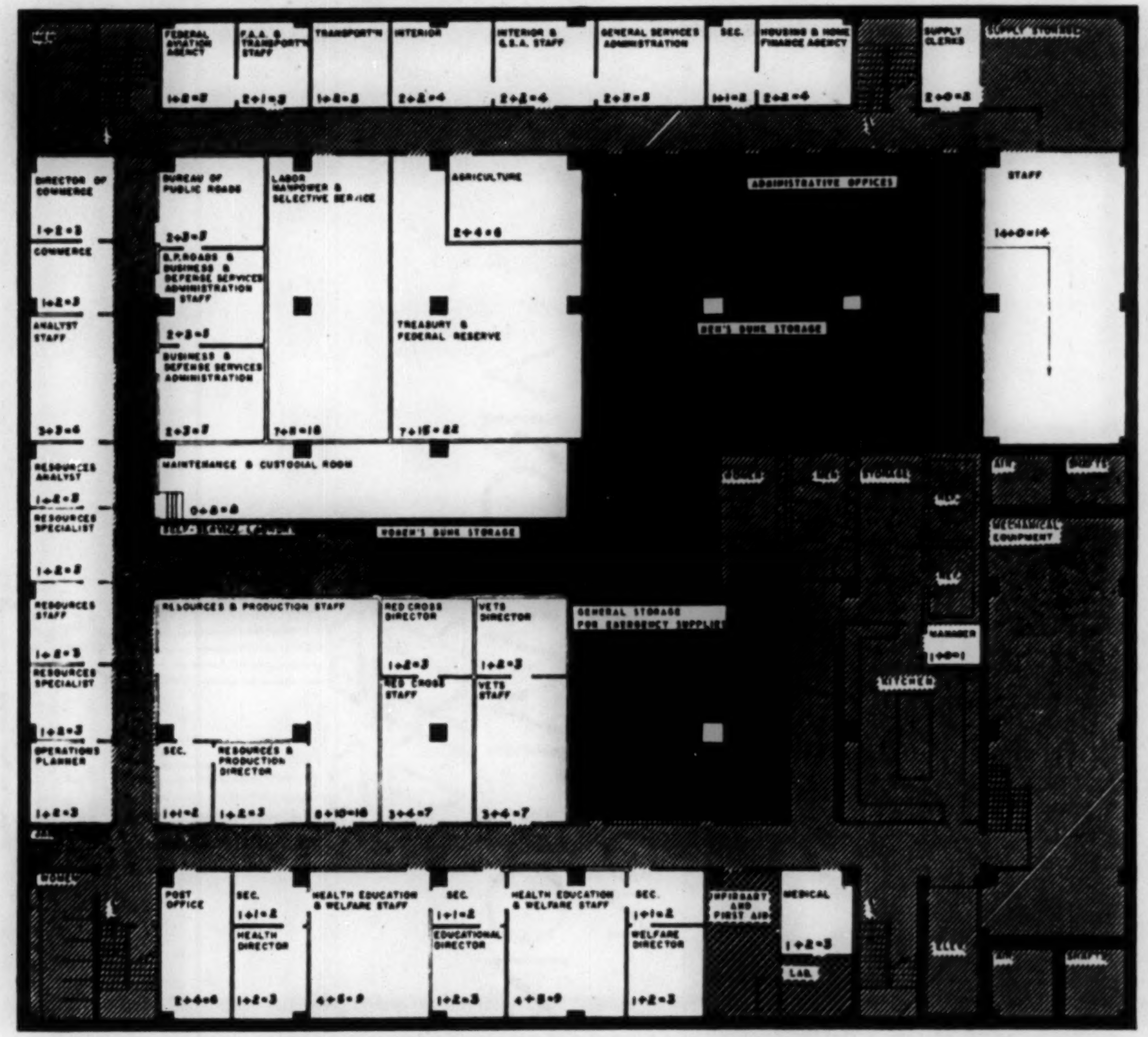
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RESOURCES SPECIALIST 1+2=3
OPERATIONS PLANNER 1+2=3
BUREAU OF PUBLIC ROADS 2+3=5
B.P. ROADS & BUSINESS & DEFENSE SERVICES ADMINISTRATION STAFF 2+3=5
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LABOR MANPOWER & SELECTIVE SERVICE 7+8=15
AGRICULTURE 2+4=6
TREASURY & FEDERAL RESERVE 7+15=22
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WOMEN'S BUNK STORAGE
ADMINISTRATIVE OFFICES
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STORAGE
MECHANICAL EQUIPMENT
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MANAGER 1+0=1
KITCHEN
RESOURCES & PRODUCTION STAFF 6+10=16
SEC. 1+1=2
RESOURCES & PRODUCTION DIRECTOR 1+2=3
RED CROSS DIRECTOR 1+2=3
RED CROSS STAFF 3+4=7
VETS DIRECTOR 1+2=3
VETS STAFF 3+4=7
POST OFFICE 2+4=6
SEC. 1+1=2
HEALTH DIRECTOR 1+2=3
HEALTH EDUCATION & WELFARE STAFF 4+5=9
SEC. 1+1=2
EDUCATIONAL DIRECTOR 1+2=3
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INFIRMARY AND FIRST AID
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LOWER FLOOR

5 0 5 10 15 20 25 30
SCALE OF FEET

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OFFICE OF CIVIL
AND
DEFENSE MOBILIZATION

PRELIMINARY DRAWING OF
PROPOSED 2- STORY REGIONAL
UNDERGROUND CENTER

ADDRESS OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON 25, D. C.

DEPARTMENT OF STATE
WASHINGTON

JUN 12 1959

Dear Brad:

I am enclosing three copies of the statement which I made at last week's Cabinet meeting. I have sent copies to Phil Areeda, Don Paarlberg, Elmer Bennett, Henry Kearns, Clarence Randall, Joc O'Connell, and Attorney General Rogers. If you have additional suggestions for possible further distribution of this statement, I would be glad to make copies available either to you or directly to anyone you suggest.

Sincerely yours,

Tom

The Dwight D. E [illegible] ary

W. T. M. Beale
Acting Assistant Secretary
for Economic Affairs

Enclosure:

Three Copies of Statement.

Mr. Bradley H. Patterson, Jr.,
Assistant to the Secretary to the Cabinet,
The White House.

TRADE POLICY AND NATIONAL SECURITY

The broad objective of US foreign economic policy is identical with that of our general foreign policy: to protect and advance the national interest, to improve the security and well-being of the US and its people.

This broad objective of our foreign economic policy has three major components. First, to promote the economic strength of the US, second, to promote the economic strength of the rest of the free world, and third, to build and maintain cohesion in the free world.

To achieve these objectives we have followed three basic economic policies: The expansion of trade; the promotion of private investment; and provision of mutual assistance.

During the past 6 years, by building on existing programs and, even more important, by developing new programs designed to meet new needs and changing conditions, there has been created a complex pattern of interrelated programs. Some of them we carry out on our own and others in cooperation with friendly nations. These programs are well suited to the promotion of our basic objectives.

At the present time, however, the achievement of these objectives is endangered from within by the growth of protectionist sentiment and from the outside by the Soviet economic offensive. My purpose this morning is to suggest some of the ways in which protectionism adversely affects our domestic economy, our political-economic relations with our allies and therefore our national security.

I would like to deal first with the general aspects of the problem and then turn to specific illustrations.

Protectionism has certain recognizable benefits. It can assure the survival of a sensitive industry which might otherwise succumb because of its competitive disadvantages. It can provide a blanket for an infant industry during its formative years. It can prevent economic and social disruption in a community dependent on a single industry and without the resources to develop alternative industries.

In spite of these recognizable advantages, however, there are relatively few people who would contend that protectionism provides a basis for a dynamic expanding economy. The reasons are obvious.

Protection discourages the development of new products, new methods of production and distribution, and cost-saving techniques.

Protection reduces our ability to compete with other industrialized economies.

Protection contributes to inflation by raising the costs of the products we buy abroad.

It imperils our export markets by making it more difficult for other countries to earn the dollars they need in order to buy from us. It also endangers those markets by inviting retaliation on the part of other countries.

Protectionist measures inevitably reduce total US output by preventing the shift of domestic resources from less efficient to more efficient industries. By lowering our total national product, such measures slow down our rate of growth and reduce the resources available for our security needs, including aid to the less developed countries.

Having indicated the effects of protectionist policy on the domestic economy, I would like to indicate briefly the effects on the economies of other countries.

Foreign trade is vitally important to our economy, but even so it constitutes only 4% of our gross national product. In other major industrial countries (such as the UK, West Germany and France) the ratio of exports to gross national product is 3 to 4 times greater. It is 5 to 9 times as great for smaller advanced nations such as Belgium, Sweden and the Netherlands. For example, approximately one-half of everything the Netherlands produces is shipped abroad.

Our trade policy is of tremendous concern to all of these countries, first because exports play such a major role in their economies and secondly because the United States is a major market for their goods. Both of these reasons explain why any action by the United States which adversely affects sales of their key products, or threatens those sales, is front page news abroad and has a serious effect on our international relations with those countries. This is true even when the action itself does not seem important to us.

I can cite five specific examples of restrictive measures which have adversely affected four important allies. Lead and zinc affecting Canada, cheese affecting the Netherlands, electrical equipment and woolen fabrics affecting the United Kingdom and cotton textiles affecting Japan.

In the case of many less developed countries, one, or a few commodities, comprise the bulk of their exports. For many of these countries the US market is especially important. To illustrate this point, the United States imports

2/3 of Chile's copper
1/2 of Cuba's sugar
1/4 of Indonesia's rubber
1/3 of Bolivia's tin
over 1/2 of Brazil's coffee
2/5 of Venezuela's oil
2/3 of Peru's lead and zinc.

The ability of the less developed countries to sell their products in the United States affects their ability to import capital goods and other necessary manufactured products.

Therefore, it determines in large measure the basisof their economic growth and their ability to raise standards of living.

The promotion of economic growth in the less developed countries is of course a prime objective of our foreign policy. By this means we hope to help those countries to achieve peace and stability. Unfortunately their economic health can be seriously damaged by US import restrictions. Our import quotas on petroleum, lead and zinc, and cotton, for example, have had that effect on Mexico, Venezuela, Peru, Indonesia, Egypt, the Sudan and other less developed countries.

The Soviet Union, of course, recognizes clearly the major role that trade can play in furthering its objectives. The evidence clearly shows that friendly countries, when denied access to our market, are forced to increase their economic dependence on the Soviet Bloc. As a specific example, after the imposition of restrictions against Uruguayan wool tops in 1953, the Soviet Bloc steadily increased its purchases, and as a result it is now the most important outlet for Uruguayan wool tops. Recently our countervailing duty on wool tops was removed. As you know, our action to impose quotas on lead and zinc was followed by violent anti-American reactions in Peru and there have been sharp reactions in Venezuela to our oil import policy.

In assessing where we stand today it is important, of course, to keep the picture in balance. On the one hand, since 1953 we have pursued an active policy for the promotion of international trade. We have taken part in two successful trade conferences in 1955 and 1956. It is true that many of the tariff concessions we gave at those conferences were small, amounting to no more than a 15% reduction in the existing duty. Nevertheless imports of the products affected by the concessions were valued at approximately $1 billion. A great deal of attention has been given to escape clause actions that we have found it necessary to take in recent years. Unfortunately little account is taken of the applications that were turned down. Other countries often fail to acknowledge that out of 27 cases in which escape clause action was recommended by the Tariff Commission no action was taken in 19 cases.

On the other side of the balance, there are the various restrictive measures that have been taken. You will note from the chart that since 1953 we have taken restrictive action on 29 commodity groups exported from 45 free world countries.

ACTIONS TAKEN TO RESTRICT IMPORTS, SINCE JANUARY 1, 1953, AND COMMODITIES AFFECTED

Commodities Affected (29)	No. of Countries Affected (45)	Type of Action*	Date of Action
Cattle	2	TAR	APR '53
Wool Tops	1	CD	MAY '53 1/
Butter and/or Butter Oil	5	22	JUL '53
Cheese	8	22	JUL '53
Dried Milk Products	4	22	JUL '53
Flaxseed and/or Linseed Oil	2	22	JUL '53
Peanuts and/or Peanut oil	6	22	JUL '53
Petroleum (Voluntary Program Mar '54 - Mandatory Program Mar '59)	9	NSA	MAR '54
Rye and Rye Flour	1	22	APR '54
Alsike Clover	1	EC	JUN '54
Watch Movements	5	EC	JUL '54
Fishsticks	1	L	AUG '54
Hardboard	1	AD	AUG '54
Bicycles	8	EC	AUG '55
Cast Iron Soil Pipe	1	AD	OCT '55
Tuna Canned in Brine	3	GR	MAR '56
Toweling	4	EC	JUN '56
Woolens	9	GR	OCT '56
Heavy Electrical Equipment	2	BA	MAR '57
Clothespins	11	EC	NOV '57
Safety Pins	4	EC	NOV '57
Tung Nuts and Oil	4	22	NOV '57
Thermometers	2	EC	APR '58
Small Arms	7	L	JUN '58
Long Staple Cotton	4	22	JUL '58
Rubber Soled Footwear	3	L	SEP '58
Lead	16	EC	OCT '58
Zinc	15	EC	OCT '58
Almonds	1	CD	JAN '59

* EC - Escape Clause
GR - Invocation of Geneva Reservation
L - Legislation
22 - Section 22
CD - Countervailing Duty

AD - Antidumping
BA - Buy American
NSA - National Security Amendment
TAR - Invocation of Trade Agreement Reservation

1/ Removed, March, 1959.

June 5, 1959

It is statistically impossible to determine precisely how much trade is affected by these restrictions. However, it has been calculated on the basis of the latest figures available, that is for 1957, the trade affected by these restrictions represented about $2.1 billion or 28% of US imports of competitive items. Out of this total oil products account for approximately $1.5 billion and the remaining items account for about $600 million. These figures are subject to a number of qualifications. For one thing the more effective the action in restricting imports the smaller the trade.

You will note from the map that some countries are affected by only one restriction, whereas others are affected by as many as twelve. Venezuela for example, has been affected only by our restrictions of oil imports, but oil directly involves more than 80% of that country's exports to the United States.

I would like to comment briefly on several of the more important cases shown on the chart.

First, Heavy electrical equipment -- Our decision on the Greer's Ferry case created an uproar in the United Kingdom. One extreme sector of British opinion called for immediate discrimination against purchases in the United States. The British consider the pending OCDM heavy electrical equipment case "the most important subject in economic relations between the United States and the United Kingdom since the institution of the Smoot Hawley Tariff."

Lead and Zinc -- When quotas were imposed Australian press and official comments were unusually severe in their criticism. Our action became a major political issue. The case has clearly affected our position in a country which is the southern anchor of our Pacific defense perimeter.

In Canada our lead and zinc action was viewed in the context of a number of other United States policies and actions which have been the source of increasing resentment, such as our restrictions on agricultural imports and our surplus agricultural disposal operations.

Mexican press, labor and management officials were also very critical. Intensely emotional demonstrations and condemnation of the United States occurred in Peru.

Petroleum -- The Venezuelans have asked for equal treatment on the grounds that their oil, like Canada's, is vital to the defense and security of the Western Hemisphere. We are worried that the Venezuelans will institute oil pro-rationing and export controls to the disadvantage of US companies. We have to recognize that they may want to change our bilateral trade agreement drastically and possibly abrogate it. Either course of action would seriously hurt our large export sales to Venezuela.

The second chart shows that there are now outstanding 13 requests for restrictions on imports. These represent trade valued at approximately $300 million in 1957. They would affect six new countries, in addition to those already affected by previous measures.

This second chart also reflects a trend which is giving other countries great concern. You will note that seven out of the thirteen requests now pending have been made under the national security amendment. There is a strong feeling abroad that domestic industries are seeking to use the national security amendment to achieve protection which they do not think they can obtain by applying under the escape clause.

PENDING PROPOSALS FOR RESTRICTIVE ACTION

Commodities - 13	Old Countries Affected - 36	New Countries Affected - 6	Type of Action Proposed
Hardwood Plywood	10	1	EC
Mink Skins	6		EC
Stainless Steel Flatware	6		EC
Woven Silk Fabrics	6		EC
Red Fescue Seed	4		EC
Long Staple Cotton	4		22
Cobalt	7		NSA
Dental Burrs	4		NSA
Fluorspar	6		NSA
Heavy Electrical Equipment	6		NSA
Steam Turbine Generators	6		NSA
Tungsten	11	4	NSA
Wool Knit Gloves	6	1	NSA

June 5, 1959

No discussion of restrictive measures would be complete, of course, without some mention of so-called "voluntary export controls." These are the measures which other countries, such as Japan and Italy, have taken to restrict their exports to us. They represent a new kind of protectionism -- protection in reverse -- under which the exporting country limits its exports rather than the importing country its imports. At present, it is estimated, one-half of Japan's exports to the US are subject to some form of restriction.

Viewed independently, and in perspective, the specific restrictions imposed in recent years may seem relatively unimportant. Nevertheless, it has been made abundantly clear to us that these restrictions are having an increasingly serious effect upon our ability to achieve our foreign policy objectives. And it is apparent that the potential for harm greatly exceeds the harm done thus far. It is possible to identify, as I have done, the cases where individual countries have been adversely affected by restrictions we have imposed. The impact has varied in each case. The cumulative impact has also varied.

We believe that we have reached a point, however, where any action has a disproportionate impact because of the preceding actions, and where the element of fear of the future can be expected to play an increasingly important part in determining foreign reactions to any further restrictive measures we may impose.

At the present time most of the important industrialized countries of the world have overcome, or are about to overcome, the balance of payments difficulties which justified their retention of protective measures following the war. Therefore we can expect to see an expansion of world trade and, consequently, of our own export sales. At the same time the less developed countries of the world are seeking to expand their economies. It is clear, however, that at this juncture the course of future events will be determined almost entirely by what the US does. If we provide the leadership in liberalizing trade, the rest of the free world can be expected to follow our example.

There are a number of critical choices to be made in the immediate future. Regional trading arrangements are proliferating around the world. In Europe the six-country common market is already a going concern. Negotiations are seriously under way toward establishment of a free-trade areaof seven other countries in Western Europe -- the UK, the Scandivanian countries, Austria, Switzerland and Portugal. South America is determined to organize one or more common markets; and Central America is already committed to establishing a customs union.

US policy in the trade field will determine to a very large extent the evolving course of these arrangements -- whether they will look outward toward the development of a multilateral world trading system, or whether they will look inward in the pursuit of self-sufficiency.

A major test of US policy is pending in the tariff negotiations scheduled to start in September 1960. These negotiations are the result of our initiative. A principal element will be the effort of many countries to negotiate reductions in the common tariff of the European common market.

However, some of our European allies have already expressed doubt about the extent to which we will be willing to offer real and meaningful concessions in our own tariff in order to give impetus to the successful conclusion of the world-wide negotiations. The success of these negotiations, therefore, will depend upon us.

Our basic national security interests require that we continue to exercise positive and dynamic leadership not only in political and military fields but also in the economic fields.

That is why the Department of State is convinced that every action we take that adversely affects our ability to maintain a dynamic expanding domestic economy and weakens the ability of our allies to maintain their political and economic stability, has serious implications for our national security.

Let me conclude by saying that, in our judgment, the organizational means are already available through which national security considerations can be brought to bear in the most important cases involving proposals for restrictive measures. This is true in escape clause cases, where the Trade Policy Committee is responsible for advising the President. It is also true in cases arising under the national security amendment to the Trade Agreements Act, which provides that the advice of all interested agencies shall be sought in arriving at a recommended course of action. Measures taken under Section 22 are the most outstanding exception to this generalization. Furthermore, considerations of national security cannot be brought to bear in determining whether restrictive action should be taken in other cases, such as antidumping cases. However, these exceptions do not affect the general conclusion that the existing machinery is generally satisfactory and is working well. It is the Department's view that it would not be desirable, if indeed politically feasible, to attempt to revise existing legislation to insure the inclusion of appropriate provisions permitting national security considerations to be taken into account in all cases involving restrictive action.

I do not mean to suggest that there is no need for action in this field. We are much aware of the need for more information as a basis for policy determinations. As you know, a number of studies are currently underway which will provide an analysis of the causes of recent changes in our foreign trade position. An interdepartmental committee, under the chairmanship of the Department of Commerce, will search for the answers to a number of pertinent questions. Have advances in productivity in the US lagged behind those occurring elsewhere? Have our major costs increased too rapidly? Have we, through price supports and import restrictions, artificially raised the costs of raw materials to our own manufacturers? Does our domestic tax system militate against investment and technological improvement?

At the initiative of the Department of State the Committee for a National Trade Policy is also devoting special attention to the problem of our foreign trade position.

Increasing protectionism is not the answer to the problem of stimulating advances in productivity. It would insulate domestic industries from pressures to reduce costs and thereby make them less competitive.

Unfortunately, at the present time when an industry is faced with serious injury as a result of imports, there is no alternative but to consider raising duties or imposing quotas. Therefore, the Department of State believes that renewed consideration should be given to sponsoring another avenue of relief through adjustment assistance. This alternative might provide for low-cost loans for modernization and technological improvement, facilities for retraining workers, or conversion to other kinds of manufacture, or even encouragement to relocate factories.

Adjustment assistance is the approach being taken in the European Common Market to deal with the problem of internal adjustments to competition. The British have also embarked on a similar program with respect to their domestic textile industry.

In short, we have to search constantly for new ways to improve the competitive position of our industry through affirmative actions rather than by building a wall against entry of goods from abroad.

Our conclusion is relatively simple. What we do to restrict trade and what other countries fear we may do, will determine to an important extent whether our foreign economic policy measures are successful, and whether we are successful in the economic contest with the Soviet Union.

NATIONAL SECURITY COUNCIL
COURIER'S CLASSIFIED MAIL RECEIPT

No. 59-188

TO Mr. Brad Patterson (c/o Mr. Gerald Morgan's Office)	DATE OF PICK-UP 6/5/59
FROM ExSecy NSC	
TYPE OF MATERIAL Copy No. 23 Item 1 draft RofA NSC	
SIGNATURE OF RECIPIENT	TIME RECEIVED
SIGNATURE OF COURIER	TIME OF PICK-UP

THE WHITE HOUSE
WASHINGTON

MR. PATTERSON:

Herewith the draft Record on the item on Imports taken up at Council Meeting yesterday which Mr. Lay has approved sending over to you. However, he wanted you to know that this draft has not been approved and there are in fact changes already suggested in the wording.

J. Koch

6/5/59

DECLASSIFIED
Authority NLE MR 77-107, #1
By LKS NLE Date 8/4/77

[redacted]

COPY NO. 23

DRAFT RECORD OF ACTIONS
409th NSC Meeting
(6/4/59)

The President presided at this meeting. The Secretary of the Treasury and the Director, Bureau of the Budget, participated in the Council actions below. The Secretary of Commerce and the Chairman, Council on Foreign Economic Policy, participated in the action on Item 1. The Chairman, Council of Economic Advisers, the Special Assistant to the President for Economic Affairs, and the Deputy Assistant Secretary of State for Economic Affairs attended the meeting for Item 1. The Chairman, Atomic Energy Commission, and the Director, U. S. Information Agency, attended this meeting.

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1. EFFECTS OF U. S. IMPORT TRADE POLICY ON NATIONAL SECURITY

a. Noted and discussed the subject in the light of an oral presentation by the Deputy Assistant Secretary of State for Economic Affairs.

b. Noted the President's statement that, in reaching decisions as to restrictions on U. S. imports, due weight should be given to the damage to national security which could result from restrictions which might weaken the ties which bind us to our allies in the collective security effort.

NOTE: The action in b above, as approved by the President, subsequently circulated for the information and guidance of all departments and agencies.

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CA - 59-135

June 19, 1959

The White House

Washington

THE CABINET

Agenda

2:00 P.M., Monday, June 22, 1959

1.	Survey of the Economic Situation	(Oral)	The Chairman, Council of Economic Advisers
2.	Remarks With Respect to Future Budgetary Problems	(Oral)	The Secretary of the Treasury
3.	Guidelines for the FY 1961 Budget	(Oral)	The Director, Bureau of the Budget
4.	Report From the Cabinet Committee on Price Stability for Economic Growth	(Oral)	The Vice President

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

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MINUTES OF CABINET MEETING

June 22, 1959
2:00 P. M. -- 3:55 P. M.

The following were present:

President Eisenhower

VP Nixon
Sec. Herter
Sec. Anderson
Sec. McElroy
Atty Gen Rogers
PMG Summerfield
Sec. Seaton
Sec. Benson
Sec. Strauss
Sec. Mitchell
Sec. Flemming

Director Stans
Gov. Hoegh
Amb. Lodge

Under Sec. Dillon, State
Under Sec. Gates, Defense
Sec. Brucker, Army
Sec. Franke, Navy
Sec. Douglas, Air Force
Under Sec. Mueller, Commerce
Mr. Whittier, VA
Gen. Quesada, FAA
Dr. Waterman, NSF
Mr. McCone, AEC
Mr. Mason, HHFA
Mr. Dulles, CIA
Mr. Floete, GSA
Mr. Allen, USIA
Sen. Thruston Morton
Dr. Saulnier, CEA
Mr. Ralph Reid, Budget

Gen. Persons
Mr. Merriam
Mr. Robert Gray
Mr. Minnich

The President noted the "perfect attendance" which he was glad to see since there would be education for all on budget necessities during this meeting.

National Economy - With a series of charts to illustrate his points, Dr. Saulnier showed the rather rapid recovery going on but cautioned that the second half of the year, if it followed the pattern of the past, would not be as vigorous as the first half and the economy would probably be on December 31st just about where Administration officials had estimated last January.

He noted that personal income is at an all-time high, that corporate profits are rising but that a cost squeeze in the third quarter may prevent further rise, that business orders for new equipment are at a much

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higher level than can be expected to continue, that imports are increasing while exports decrease and they are now at about a fifty-fifty balance.

For the future, Dr. Saulnier saw continuing recovery into early 1960 but with some increase in prices. For the long term he thought the outlook very good but with the exasperating quality that the tremendous potential for growth could be destroyed perhaps very easily depending upon actions taken in the next sixty to ninety days. He stressed the need for demonstrating to ourselves and to the world that we can manage national finances successfully so as to avoid adverse psychological reactions in security markets, and for the major labor negotiations to have an outcome that would not be regarded as inflationary. He hoped the nation could avoid the over-exuberance of 1955-56.

Future Financing - Sec. Anderson anticipated receipts of $77.7 billion for FY 1960 ($.6 billion higher than originally anticipated). He cautioned against any expectation that the rising GNP would produce greatly enlarged receipts, for various factors are at work to modify what he called the conversion factor (amount of taxes normally derived from particular volumes of income). Hence there was no basis for assuming easy financing of enlarged government programs.

Sec. Anderson commented briefly on the various financing problems confronting the Treasury and then confirmed the importance of Dr. Saulnier's remarks about psychological factors, saying that we are the world's banker and everyone is watching to see how we will manage the bank.

Budget Trends - Mr. Stans reviewed a chart showing annual receipts, expenditures, and NOA from 1953-1958 and estimates for 1959 and 1960.

Mr. Stans then analyzed the prospects for the FY 1960 and FY 1961 budgets in terms of potential trends of various Congressional actions or inactions, as he had done for the Legislative Leaders a week before. He thought a billion dollar deficit for FY 1960 to be the most likely outcome, though it is still not impossible to end with the budget in balance.

Looking forward to the FY 1961 budget, he emphasized built-in increases that will make almost inevitable a rise of the budget level to about $84 or $85 billion, and the possibility that for 1962 and 1963 the level would get beyond $90 billion.

Budget Guidelines - All of the things discussed in this meeting, Mr. Stans believed, made it essential that the Administration proceed to adopt a set of guidelines for the 1961 budget preparation, similar to what was done last year. He set forth for consideration and discussion ten recommendations, among which were the determination to hold NOA and expenditures below $80 billion, to reject any new proposals except those

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approved by the President as critically necessary, and continuing pressure to reduce personnel perhaps by adopting a percentage goal. Mr. Stans recognized that some of the ten might seem harsh, but he thought them workable and the only real way to meet the problems set forth by Dr. Saulnier and Sec. Anderson. Programs deferred would not be forever lost.

The President began the discussion with a strong statement that it was high time for funds to be provided by the Congress for programs thought necessary, or for those in responsible positions to take other action. The country just could not afford to drift on down over Niagara. It was horrifying to recall that the national debt about 1940 was not so great as the amount currently being paid for interest alone, and even worse that nothing was being done in this time of prosperity toward reducing the debt. Perhaps the time had come for the government to stop trying to provide the best possible services in such things as delivery of the mail or anything else not absolutely necessary.

Dr. Flemming concurred in the desirability of staying within a ceiling, but he felt it very important to develop a set of policy guidelines which would parallel the budget guidelines and which would make room for adopting whatever new or expanded programs might be thought in order. He could not believe that agreement on a ceiling should preclude flexibility under the ceiling. He suggested that the Cabinet members shape up such policy guidelines for presentation to the President and further consideration. The President was agreeable to such action but stressed again the need for the government to meet its financial obligations.

The Vice President saw considerable merit in finding those places where large cuts might be made to compensate for programs not cut at all or for additions or innovations. He preferred this approach to one of making proportionate cuts in all programs, which would merely serve to make everybody unhappy without any positive advantages.

Mr. Stans agreed in theory with both Dr. Flemming and the Vice President but foresaw much difficulty in practice because of the "built-ins". Dr. Flemming pointed to such things as the existing provision sponsored by the Administration for a payment to the Social Security Fund to cover the military personnel part of the program, an action which need not be taken at this time.

The President remarked on the public statement by Dr. Ravdin concerning the Administration attitude toward medical research. He suggested that Dr. Flemming arrange to discuss these matters with Dr. Ravdin, since increases in such funds ought to be based only on a showing of specific opportunities for major achievements.

Referring to the President's comment on the possible necessity for higher taxes to make a start on debt reduction, Sec. Anderson pointed

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to some of the problems, particularly since receipts from the higher brackets constitute a very small proportion of the total, whereas something like $3 billion would be involved in a change of $100 in the basic exemption. The President commented that he was not presently figuring on a tax increase, but he did not really see any other way to achieve fiscal soundness. Sec. Anderson asserted that a Democratic Congress would not even hold hearings on a proposed tax increase.

Sec. Benson stated his full sympathy with the President, Dr. Saulnier, and Mr. Stans, and then emphasized the need for developing supporting sentiment throughout the country. The Postmaster General recalled the large reduction accomplished in 1953 and thought some good items might come from comparing present budgets with 1953 or 1954 budgets. Adm. Strauss thought each department might review every new function undertaken in the last twenty years and then accomplish a "plucking" operation on those where the original purpose or importance has been lost. The President repeatedly emphasized that the Cabinet constituted the only group in government that could really be expected to accomplish anything on this vital problem and that if it could not be determined to do so, then there was little reason for expecting anyone else to do it. He suggested that every Cabinet member include in every public statement several paragraphs on the desirability of reducing the debt, not just balancing the budget.

The Vice President stressed the importance of discussing these things in a positive fashion rather than letting a purely negative sentiment develop about reductions and opposition to new proposals.

The President reverted to the subject of taxes and reviewed some of the arguments about "counter-productive" taxes and the increase in receipts that probably resulted from the 1954 reduction in taxes. He did not think it impossible to get control of the fiscal situation and he wanted attention focused on this until accomplished, not just for 1960. He thought the Goals Commission under Arthur Burns might help greatly.

Dr. Flemming inquired as to agreement on the development of policy guides. The President agreed and directed that Budget be the coordinating agency for developing these. He wanted to see what programs would be suggested and particularly how they would be financed.

Stability and Growth Committee - The Vice President informed the Cabinet that the first report of this Committee would be released this week and was timed for maximum impact on the final period of Congressional activity. He interpreted the Democratic objective presently as being to stay within bounds with the FY 1960 budget but to build in things for FY 1961 that would make it impossible for the President to submit a balanced budget next year.

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Regarding the future of the Committee, the Vice President noted that it would put out interim reports from time to time, that it would initiate certain inquiries during the summer so as to keep public attention on the problem, and that it would begin putting more emphasis on growth -- the positive aspect of the Committee's assignment.

The President wound up the discussion with encouragement to the Cabinet that they would have national opinion on their side when they talked of saving money, even though particular people or areas would be unhappy with restrictions on their particular projects.

L. A. Minnich, Jr.

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  Mrs. Whitman (2) ✓
  Mr. Robert Gray
  Mr. Minnich

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RA - 59-135

June 29, 1959

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet meeting of Monday, June 22, 1959:

1. Survey of the Economic Situation (Charts)

ACTION: The Cabinet noted the conclusions offered by the Chairman of the Council of Economic Advisers about the future state of the economy:

a) The nation's prosperity in the future will greatly depend on how the government handles its own finances;

b) The Administration must be willing to act as necessary to ensure a sound financial position;

c) It is of the utmost importance that the current steel negotiations (or strike) ~~[illegible]~~ culminate in a settlement which is not inflationary;

d) Industry and the nation as a whole ~~[illegible]~~ must avoid the "exuberance" ~~[illegible]~~ that developed in 1955-56.

2. Remarks With Respect to Future Budgetary Problems

ACTION: With respect to future budget policy, the Cabinet noted the cautions expressed by the Secretary of the Treasury stemming from:

a) ~~The coming growth in interest charges;~~ The discussion of the market situation with reference to government securities;

b) The problems of sound debt management;

c) The "delayed action" effect of recession losses on subsequent Federal tax receipts;

d) The ~~historic changes in U. S. export-import ratios,~~ discussion of the current balance of payments situation as particularly related to the chance of any continuation of the dollar gap in the industrialized countries of Europe.

e) The ~~increased redemptions and decreased sales~~ problems ~~of U. S.~~ Savings Bonds program.

Pres. concerning the savings

CABINET PAPER

For Action

3. Guidelines for the FY 1961 Budget (Charts)

ACTION: a) With the understandings outlined in sub-paragraphs (b), ~~and~~ (c), and (d) below, the President approved the following points as the guidelines for the FY 1961 Budget:

i) Planning for the 1961 budget based on holding both expenditures and NOA below $80 billion.

ii) No new programs or activities, except those approved specifically by the President for immediate critical national needs.

iii) No increases of presently approved levels in going programs, except for uncontrollable workload factors.

iv) Renewal of this year's proposals to produce added revenues, and to reduce long-term spending for certain programs (plus any additional proposals along these lines that can be developed).

v) Continued pressure for the reduction of personnel throughout the Government, with a percentage goal to be determined later.

vi) A basic presumption that going programs in 1961 should be reduced by, say, 5% from 1960 level, subject to increases above this point for new legislation and other uncontrollable circumstances.

vii) Continued resistance in this Congress to legislation proposing new programs or providing programs above those recommended by the Administration, with particular opposition to legislation providing built-in increases affecting future years.

viii) Consideration to establishing reserves and thereby deferring the use of authorizations enacted by the Congress for the 1960 or 1961 budgets in excess of Administration proposals.

ix) Avoidance of supplemental appropriation proposals for fiscal 1960, both in the current and in next year's session of Congress, to the maximum extent possible.

x) Augmentations made by the Congress to 1960 Administration proposals to be applied as advances against 1961 programs, to the maximum extent possible.

b) The President requested that paragraph i) above be interpreted to mean considerably below $80 billion ~~dollars~~, (if possible) ~~preferably~~ below current levels.

c) The President approved interpreting sub-paragraphs ii), iii), v), vi) and vii) above to include the flexibility for substituting new, particularly desirable programs for existing ones or for increasing the support for existing programs, by eliminating or reducing other existing programs in such a manner that the overall total for the government remains as specified.

d) With respect to the flexibility mentioned in subparagraph (c) above, the Departments shall submit to the President by July 7, through the usual coordination processes of the Bureau of the Budget, proposals and program policy guidelines, both for individual departments and the government as a whole, to be used in connection with the preparation of the budget. These proposals will be considered at a meeting of the Cabinet [if the President deems desirable].

e) The President asked that speeches on budget policy being made by Administration spokesmen include emphasis upon the importance of reducing the national debt.

4. Report From the Cabinet Committee on Price Stability for Economic Growth

ACTION: The Cabinet noted the general description of the coming report, as presented by the Vice President; the President concurred in its release as being particularly timely.

Robert Gray
Secretary to the Cabinet

RA - 59-135

July 6, 1959

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet meeting of Monday, June 22, 1959:

1. Survey of the Economic Situation /Charts/

ACTION: The Cabinet noted the conclusions offered by the Chairman of the Council of Economic Advisers about the future state of the economy:

a) The nation's prosperity in the future will greatly depend on how the government handles its own finances;

b) The Administration must be willing to act as necessary to ensure a sound financial position;

c) It is of the utmost importance that the current steel negotiations (or strike) culminate in a settlement which is not inflationary;

d) Industry and the nation as a whole must avoid the "exuberance" that developed in 1955-56.

2. Remarks With Respect to Future Budgetary Problems

ACTION: With respect to future budget policy, the Cabinet noted the cautions expressed by the Secretary of the Treasury stemming from:

a) The discussion of the market situation with reference to government securities;

b) The problems of sound debt management;

c) The "delayed action" effect of recession losses on subsequent Federal tax receipts;

d) The discussion of the current balance of payments situation as particularly related to the absence of any continuation of the dollar gap in the industrialized countries of Europe.

e) The problems of the Savings Bonds program.

3. Guidelines for the FY 1961 Budget [Charts]

ACTION: a) With the understandings outlined in sub-paragraphs b), c), and d) below, the President approved the following points as the guidelines for the FY 1961 Budget:

i) Planning for the 1961 Budget based on holding both expenditures and NOA below $80 billion.

ii) No new programs or activities, except those approved specifically by the President for immediate critical national needs.

iii) No increases of presently approved levels in going programs, except for uncontrollable workload factors.

iv) Renewal of this year's proposals to produce added revenues, and to reduce long-term spending for certain programs (plus any additional proposals along these lines that can be developed).

v) Continued pressure for the reduction of personnel throughout the Government, with a percentage goal to be determined later.

vi) A basic presumption that going programs in 1961 should be reduced by, say, five per cent from 1960 level, subject to increases above this point for new legislation and other uncontrollable circumstances.

vii) Continued resistance in this Congress to legislation proposing new programs or providing programs above those recommended by the Administration, with particular opposition to legislation providing built-in increases affecting future years.

viii) Consideration to establishing reserves and thereby deferring the use of authorizations enacted by the Congress for the 1960 or 1961 budgets in excess of Administration proposals.

ix) Avoidance of supplemental appropriation proposals for fiscal 1960, both in the current and in next year's session of Congress, to the maximum extent possible.

x) Augmentations made by the Congress to 1960 Administration proposals to be applied as advances against 1961 programs, to the maximum extent possible.

3. (continued)

b) The President requested that paragraph i) above be interpreted to mean considerably below $80 billion, if possible below current levels.

c) The President approved interpreting sub-paragraphs ii), iii), v), vi), and vii) above to include the flexibility for substituting new, particularly desirable programs for existing ones or for increasing the support for existing programs, by eliminating or reducing other existing programs in such a manner that the over-all total for the Government remains as specified.

d) With respect to the flexibility mentioned in sub-paragraph c) above, the Departments shall submit to the President by July 9, through the usual coordination processes of the Bureau of the Budget, proposals and program policy guidelines, both for individual departments and the Government as a whole, to be used in connection with the preparation of the budget. These proposals will be considered at a meeting of the Cabinet if the President deems desirable.

e) The President asked that speeches on budget policy being made by Administration spokesmen include emphasis upon the importance of reducing the national debt.

4. Report From the Cabinet Committee on Price Stability for Economic Growth

ACTION: The Cabinet noted the general description of the coming report, as presented by the Vice President; the President concurred in its release as being particularly timely.

Robert Gray
Secretary to the Cabinet

Approved by the President

July 6, 1959

THE WHITE HOUSE
WASHINGTON

June 8, 1959

MEMORANDUM

SUBJECT: Cabinet Agenda for Friday, June 12

The following matters are candidates for the June 12 meeting:

1. Terms of Reference for the Committee on National Goals (The President or Mr. Merriam)

Members of the Cabinet and their Departments will be expected to cooperate fully with the new Committee as it gets started and does its important work. Therefore, it is important that at the proper time, the Cabinet members have a firsthand briefing on what the Committee is going to try to do, its principal objectives, its time schedule and the way in which they, as Cabinet officers, will be expected to help.

With the Chairman and membership of the Committee on National Goals now having for the most part been selected, an early Cabinet discussion would be appropriate.

2. Effects of Congressional Inaction With Respect to the Highway Program (Secretary Strauss and Mr. Tallamy)

Approved for last week, but deferred until this Friday.

3. Removal of Papers of Retiring Department Heads (Mr. Floete and Dr. Wayne Grover)

In January, 1957, a Cabinet paper was approved which dealt with the limitations on removal of papers and with the permissible methods of handling archives. One issue grew out of that meeting, i.e., the

(continued next page)

problem of historians' access to classified records; this issue was resolved by the May 8 amendment to Executive Order 10501.

At Mr. Minnich's suggestion, Mr. Floete and Dr. Grover now are prepared to call this subject to the attention of members of the Cabinet for the purpose of explaining what is permissible and what is not, and to encourage each Cabinet member to start now to put his papers in such order that systematic and consistent rather than hasty, "last-minute" decisions can be made throughout the Administration.

4. Plans for the World Agricultural Fair (Secretary Benson)

An exposition of major importance will take place in New Delhi this coming December: the World Agricultural Fair. At the staff level, it has been agreed that the U.S. will participate and will spend $2 million on its exhibit. Secretary Benson is preparing a Cabinet presentation which will give the President an opportunity to see the model of the U.S. exhibit and to express his own ideas and guidance for the planning now underway.

5. Plans for Ellis Island (Mr. Floete)

Having rejected the latest bids for the commercial use of Ellis Island, Administrator Floete is now awaiting proposals for using the Island as an educational and training center for Americans (other than government officers) going abroad to work. A meeting is planned among Messrs. Flemming, Floete, Allen, a representative from State, and Mr. Merriam, after which the matter is expected to be ready for Cabinet discussion.

Robert Gray
Secretary to the Cabinet

PICTURE

THE WHITE HOUSE
WASHINGTON

June 12, 1959

MEMORANDUM

SUBJECT: Cabinet Agenda for Monday, June 22

For the next Cabinet meeting, Monday, the 22nd, the following five items will all fit together as a "package" agenda:

1. Review and Forecast of the Economic Situation (Dr. Saulnier) 10

Dr. Saulnier will provide necessary background for the subsequent discussion of revenues and of budget policy. His review will note the economy at the end of its recovery stage and hesitating on the edge of what may be a boom, the interest rate developments and steel negotiations which are on the immediate horizon.

2. FY 1961 Revenues (Secretary Anderson)

In the light of the analysis given above, and of his own research, Secretary Anderson is prepared to discuss the revenue picture now and for FY 1961 as the indispensable preliminary to the budget discussion below. He and Director Stans have discussed their respective presentations in order that they will jibe with each other. 15

3. Guidelines for the FY 1961 Budget (Director Stans)

This is the item which the President has requested and which has been held until this date to give the Cabinet Members time personally to re-examine and scale down their needs and programs. 25

4. **Report From the Cabinet Committee on Price Stability for Economic Growth** (The Vice President) .30

Either this or an earlier point in the agenda will be appropriate for this previously deferred item.

It is expected that this first report of the Committee will deal with the goal of price stability and will contain a reminder to the Congress of the importance of implementing the President's recommendation to make "reasonable price stability" one of the specific goals of the Employment Act of 1946.

The Vice President's Committee is meeting on the 16th; the precise nature and timing of the action the Committee proposes will be known following that meeting. The principal problem of timing is whether a Cabinet discussion on Monday would outweigh having the Committee's report released earlier to reap the alleged advantage of more prominence in the Monday morning papers.

I recommend that we have a limited advance Cabinet circulation of the draft proposed.

~~5. **Terms of Reference for the Committee on National Goals** (The President or Mr. Merriam)~~ .30

~~Tied in to all the Cabinet's economic and budget discussions would be this final item of, in the President's words, "making the necessary appraisal of the potentials of our future."~~

~~The Cabinet Members and their Departments will be expected to cooperate fully with the new Committee as it gets started and does its important work. Therefore, they should have a firsthand briefing on what the Committee is going to try to do, its objectives, its time schedule and the ways in which they can help.~~

~~Mr. Merriam has informed us that this item is now at a stage where Cabinet discussion on the 22nd would be fruitful.~~

~~I recommend that the draft "terms of reference" of the Committee be circulated to Cabinet Members in advance -- if necessary, on an "eyes only" basis.~~

Bob

Robert Gray
Secretary to the Cabinet

June 22, 1959

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Monday, June 22

For today's Cabinet meeting, the following four items fit together:

1. Survey of the Economic Situation (Chairman Saulnier)

Dr. Saulnier will provide necessary background for the subsequent discussion of revenues and of budget policy. His review will note the economy at the end of its recovery stage and hesitating on the edge of a runaway boom.

2. Remarks With Respect to Future Budgetary Problems (Secretary Anderson)

In the light of the analysis given above, and of his own research, Secretary Anderson is prepared to discuss the economic picture now and for FY 1961 as it affects Federal income.

3. Guidelines for the FY 1961 Budget (Director Stans)

This is the item which you requested and which has been held until this date to give the Cabinet Members time personally to re-examine and scale down their needs and programs.

4. **Report From the Cabinet Committee on Price Stability for Economic Growth** (Vice President Nixon)

It is expected that this first report of the Committee will deal with the goal of price stability and will contain a reminder to the Congress of the importance of implementing the President's recommendation to make "reasonable price stability" one of the specific goals of the Employment Act of 1946.

Upon the recommendation of Director Stans, the following principal officers will also attend this afternoon's meeting:

Chairman McCone, AEC
Director Dulles, CIA
Administrator Mason, HHFA
Administrator Floete, GSA
Administrator Glennan, NASA
Director Allen, USIA
Director Waterman, NSF
Administrator Quesada, FAA
Administrator Whittier, VA
Deputy Secretary Gates, Defense
Secretary Brucker, Army
Secretary Franke, Navy
Secretary Douglas, Air Force

Bob
Robert Gray
Secretary to the Cabinet

(Presented at Cabinet -
6/22/59)

THE WHITE HOUSE
WASHINGTON

BUDGET STATISTICS

	1953	1954	1955	1956	1957	1958	1959	1960
RECEIPTS	64.8	64.7	60.4	68.2	71.0	69.1	68.5	77.6
EXPENDITURES	74.3	67.8	64.6	66.5	69.4	71.9	80.9	77.5
PLUS or MIN.	99.4	-3.1	-4.2	≠1.6	≠1.6	-2.8	-12.4	≠.1
NOA:	80.3	62.8	57.1	63.2	70.2	76.3	82.4	77.3

FURTHER STATISTICS

	FY 1960	FY 1961	FY 1962	FY 1963
BASIC ESTIMATES:	77.5	83.2	86.7	88.0
Threatened Increases:				
Failure to enact reductions:	1.0	1.4	5.0	5.0
New Legislation:	1.7	2.8		
Other Actions & Revisions	.2	.8		
	80.4	88.2	91.7	93.0

FURTHER CONSIDERATIONS WITH RESPECT TO FY 1961
(Not in Agency Figures)

Threatened Expenditure Increases:

Failure to enact Postal Rates	.5
" " " Gasoline Tax	.8
" " " reductions in Waste Treatment & Impacted Area Bills	.1
Health Insurance for Gov't Employees	.1
Housing and Area Assistance	.3
Murray Metcalf Bill	1.2
Veterans Pensions	.3
Direct Loans to Veterans	.1
Community Facilities	.2
New Starts on 1960 Public Works	.2
Agricultural Conservation Program	.1
CCC	.5
	4.4

Threatened Revenue Losses:

Tax Reduction (Simpson-Keogh Bill)	.4
Transportation of Persons	.2
	.6

TOTAL: 5.0

June 22, 1959

1961 BUDGET GUIDELINES

---

1. Planning for the 1961 budget based on holding both expenditures and NOA below $80 billion.

2. No new programs or activities, except those approved specifically by the President for immediate critical national needs.

3. No increases of presently approved levels in going programs, except for uncontrollable workload factors.

4. Renewal of this year's proposals to produce added revenues, and to reduce long-term spending for certain programs (plus any additional proposals along these lines that can be developed).

5. Continued pressure for the reduction of personnel throughout the Government, with a percentage goal to be determined later.

6. A basic presumption that going programs in 1961 should be reduced by, say, 5% from 1960 level, subject to increases above this point for new legislation and other uncontrollable circumstances.

7. Continue resistance in this Congress to legislation proposing new programs or providing programs above those recommended by the Administration, with particular opposition to legislation providing built-in increases affecting future years.

8. Consideration to establishing reserves and thereby deferring the use of authorizations enacted by the Congress for the 1960 or 1961 budgets in excess of Administration proposals.

9. Avoidance of supplemental appropriation proposals for fiscal 1960, both in this session and in next year's session, to the maximum extent possible.

10. Augmentations made by the Congress to 1960 Administration proposals be applied as advances against 1961 programs, to the maximum extent possible.

(Presented at Cabinet - 6/22/59)

THE WHITE HOUSE
WASHINGTON

GUIDELINES FOR THE 1961 BUDGET

1. Hold both expenditures and NOA below 80 billion dollars.
2. No new programs except for critical national needs.
3. No program increases except for uncontrollable work.
4. Renew proposals to add revenues and cut spending.
5. Continue pressure to reduce government personnel.
6. Basic presumption that going programs be cut.
7. Resist legislation in this session to increase spending.
8. Defer use of excess 1960 authorizations by Congress.
9. Avoid supplemental [illegible] appropriations for 1960.
10. Apply 1960 Congressional increases against 1961 programs

CABINET PAPER—PRIVILEGED

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July 7, 1959

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, July 10, 1959

Meeting cancelled

1.	Barter -- Policy and Limitations	(Oral)	The Secretary of Agriculture
2.	Removal of Papers by Retiring Department and Agency Heads	CP - 59-58/3	The Attorney General
3.	Funding of the Delegate Agencies' Civil Defense and Defense Mobilization Functions	CI - 57-50 (RA - 57-85, Item 3)	The Director, Office of Civil and Defense Mobilization
4.	Action Status Report	CI - 59-7/7	The Secretary to the Cabinet
5.	The New Delhi World Agriculture Fair	(Oral)	The Secretary of Agriculture The Acting Secretary of Commerce The Assistant Secretary of Commerce for International Affairs The General Manager of the New Delhi World Agriculture Fair

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By GHC NLE, Date 8-11-76

~~CONFIDENTIAL~~

MINUTES OF CABINET MEETING

July 17, 1959
9:00 A. M. -- 10:01 A.M.

The following were present:

President Eisenhower

Acting Sec. of State Dillon
Sec. Anderson
Sec. McElroy
Mr. Rogers
Mr. Summerfield
Under Sec. of Interior Bennett
Sec. Benson
Acting Sec. Commerce Mueller
Sec. Mitchell
Sec. Flemming

Director Stans, Budget
Deputy Director John Patterson, OCDM
Amb. Lodge

Gen. Persons
Gen. Goodpaster
Mr. Hagerty
Mr. Merriam
Dr. Paarlberg
Mr. Randall
Mr. McPhee
Major Eisenhower
Mr. Toner
Mr. Robert Gray
Mr. Bradley Patterson

Asst. Sec. Kearns, Commerce
Mr. Nathaniel Knowles, Commerce
Dr. Saulnier, CEA
Sen. Thruston Morton, RNC
Dr. Kistiakowsky
Mr. Wayne Grover, Archivist
Mr. George Allen, USIA
Mr. Floete, GSA

The Dixon-Yates Contract - The President opened the meeting by referring to the Court of Claims decision that there was no conflict of interest involved in the Dixon-Yates contract. The Attorney General commented that the case had been assigned to career people with instructions to prosecute it vigorously, and they did; they pulled no punches. Even then, the Court decided against the prosecution (an implied vindication of the President).

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E.O. 11652, Section 1
By DWC NLE, Date 8-11-76

Verbatim Transcripts of Committee Meetings - The President then turned to the subject of verbatim transcripts of meetings of public advisory and interdepartmental committee meetings. He remembered Attorney General Brownell's recommendation, some years back, that public advisory committees should have good minutes kept in order to help ensure against anti-trust problems. But actual verbatim transcripts were dangerous in that they interfered gravely with candidness and freedom of discussion. They are, for example, never allowed at the NSC. The President asked that the practice of verbatim transcripts be stopped, but of course that good minutes continue to be taken.

Removal of Papers by Retiring Department and Agency Heads -(CP 59-58/3) The Attorney General introduced this paper by remarking that it was consistent with Executive Order 10816 and would not require much Cabinet discussion. The paper, he said, included the rules that (a) certain papers were entirely personal and in that event could be removed by the retiring officer, (b) some were "records" and could not be taken, while (c) others were of a mixed nature, for which the paper set forth some guidelines. As a practical matter, GSA and Archives are available to advise agency heads. There are, indeed, laws which prohibit certain kinds of removal, and retiring agency heads should be careful to get the proper clearances and not violate these laws.

Referring to the Dulles collection and others which might be contemplated, the Attorney General said that certain safeguards had to exist -- and that this precedent should not be an "invitation" to think that it would be easy to make similar provisions. Very few institutions would have the safeguards which would be required; those surrounding the Dulles collection were cleared with State and Defense.

To the President's query, Acting Secretary Dillon informed him and the Cabinet of the nature of the Dulles collection - (a) the pre-1953 documents (at Princeton), (b) the classified documents after 1953 (copies at Princeton), and (c) certain personal papers such as appointment logs, memos of phone calls and of conversations, etc. This third category of papers was being donated to the Eisenhower Library at Abilene, pursuant to Section 507 of the Federal Records Act. Like the others, this group of papers will be safeguarded and access to them will be via the approval of the same special committee which controls access to the other records, and such access must also receive the approval of the Administrator of General Services.

The President then asked, "What is a 'record'?" He said his own experience with government files was that they are ridiculously full of trivia, buck slips, scraps of paper which should never be part of the official files. When in the past, in the Army, he tried to clean out the files of such superfluous matter, he had always met resistance in the form of, -

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E.O. 11652, Section 1
By DHe NLE, Date 4-6-77

"But you can't -- that is a government record". He said that FBI and CIC files, for instance, contained "gossip". Would that be a "record"?

The Attorney General assured him that just the fact that a paper is in the files does not make it a "record" in the legal sense -- to be a "record" a paper must be developed pursuant to an official task. /_The definition of "record", according to the law, actually appears on page three of the Cabinet paper._/ Investigative agencies accumulate gossip as part of their official business but it is classified and evaluated as such.

The President thought this was going pretty far. After some early experience a few years ago, he has personally made it his practice not to read the raw texts of investigative agency reports -- mainly not wanting to be poisoned by their contents. The Attorney General explained that these raw reports are carefully safeguarded and nobody is entitled to remove them.

The President's Staff Notes - Review of Agency Participation -- The Assistant to the President summarized the purposes of this reporting system, stressing that the procedure works best when the head of the department takes a personal interest in it. He wanted to use this occasion to remind the Cabinet members of the importance of doing so.

The President emphasized the importance of this reporting system to him, in that it keeps him alerted with respect to hidden problems and helps ensure that he won't be "caught" uninformed by a Press Conference query or a letter. As an example, he mentioned the Press Conference question of last week with respect to the radioactive poisoning of the Animas River in Colorado -- he had not been given any alert or briefing on this question ahead of time. The Attorney General mentioned that it might be helpful if the Cabinet members could have advice as to when certain subjects had been listed or when a Cabinet member had omitted something. /_NOTE: See Justice Department's participation as given in the attached Table of Agency Participation._/

The Assistant to the President commented that there was a wide variation in agency contributions and that if anyone were interested the Table of Participation could be given to them.

The New Delhi World Agriculture Fair - Sec. Benson and Asst. Sec. Kearns explained the concept and scope of the Fair, emphasizing that it would highlight small farm equipment and machinery which the Indian farmers themselves, individually or collectively, could actually use. The Russians are expected to come in with an exhibit of huge machinery which will not at all be adaptible to India. Mr. Kearns praised the coordination within the Executive Branch on the preparations for the Fair and the help the Government was receiving from industry. He said that

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E.O. 11652, Section 1
By BNC NLE, Date 4-6-77

preparations for the Fair are entirely on schedule. He then introduced Mr. Nathaniel Knowles, who is General Manager of the Fair. Mr. Knowles showed eight slides -- color photographs of a model of the buildings and grounds. At the close of the presentation the President wanted to know, if there were to be pictures of agriculture, who would choose the pictures. Mr. Knowles said that they are going over the TIME and LIFE picture morgue to get good shots, that he will personally approve every one of them; and Acting Sec. Mueller laughingly assured the President that there will be no "creative art".

Amb. Lodge praised the style, concept and design of the exhibit as being particularly appropriate to the Indian interest and tradition. He also emphasized that large American farm machinery was way beyond the reach of individual Indian farmers, who are poor but ambitious and full of good humor. He wanted to be sure that Amb. Bunker had gone over the plans for the exhibit. Mr. Knowles said that at first it was thought advisable not to have any large American farm equipment, but with the USSR bringing in such an exhibit, it was felt useful to have a few large pieces to provide balance on the American side. The major emphasis, nonetheless, will be on equipment which the Indians can use.

The President then suggested that the American exhibit could include an historical theme, beginning with colonial days, and show how American agriculture itself has progressed gradually from its own primitive origins. This he thought would help counter the USSR boast of, "See what we have done from our primitive start; you in India can do likewise if you follow us". Mr. Knowles said that the exhibit was going to contain pieces of agricultural equipment borrowed from the Ford Museum which would meet the President's point. Sec. Benson said he hoped the exhibit would include the concept of joint ownership of this equipment as a device whereby the Indian farmers could afford pieces large enough to meet their needs.

At the conclusion of the meeting the President returned again to the subject of the Fair. He asked who bears responsibility for the Fair arrangements, and Mr. Mueller said that it was he, as Acting Secretary of Commerce. The President said that he hoped the Fair was in the hands of a competent showman, and Mr. Mueller commented that the Government can't quite afford Hollywood talent. The President inquired about the Seattle Fair and Mr. Mueller replied that they are trying now to get the bill through Congress.

Referring to New Delhi, Sec. Benson felt that the Russian exhibit would be so massive as to be counter-productive, and Mr. Lodge supported this by painting the picture of Indian agriculture today as one, for example, of two bullocks going round and round providing the motive power for a sugar cane press.

Acting Sec. Dillon commented that at this very time one of the great crises within India is in which direction will agriculture go. For this reason the exhibit will be very timely and very appropriate.

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E.O. 11652, Section 1
By BHC NLE, Date 4-6-77

Cabinet Minutes, July 17, 1959 - page 5

Sec. Anderson commented that we are considering advice to the Indian Government on its next seven-year plan. The problem as he sees it, however, is that once certain improvements are made in the rate of food production and in health, the population keeps outrunning the improvements. Sec. Anderson mentioned that during his visit there he had inquired about the problem of population growth and, for instance, was told that it is considered to take nine living children to provide social security for one pair of parents. This constitutes a tremendous pressure to have huge families. At a dinner, with Indian waiters, one of his table companions had told him that there was not one waiter there who had less than eleven children. When the Secretary raised this problem with the Minister of Finance, he had received the reply, "God will take care of us". The President spoke of a woman he had known who has been advocating birth control in India; Acting Sec. Dillon said this was a major policy of the Indian Government, but that the Finance Minister happens to be sort of a religious mystic.

The President then referred to a conversation he had had with a Mr. Dias (the president of the Indian Newspaper Association) who explained, with respect to printing in India, that as soon as a new printing press was installed anywhere the old one was taken out and re-installed elsewhere to meet some local needs. In America we tend to junk the outmoded equipment.

The President closed the meeting by asking, "Anybody else want to take some time for belly-aching?"

Bradley H. Patterson
Bradley H. Patterson, Jr.

COPIES TO:
Mrs. Whitman (2) ✓
Mr. Robert Gray
Mr. Minnich

~~CONFIDENTIAL~~

RA - 59-136

July 23, 1959

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet meeting of Friday, July 17, 1959:

1. Removal of Papers by Retiring Department and Agency Heads — CP - 59-58/3

ACTION: a) Cabinet Paper 59-58/3 was approved, with the understanding that what makes a paper a "record" in the sense of the Records Disposal Act and of Section 1(b) of the Cabinet Paper is not the fact that the paper may be in some government file, but rather that it:

i) was made or received in pursuance of Federal law or in connection with the transaction of public business, and

ii) is appropriate for preservation as evidence of the organization, functions, policies, decisions, procedures, operations or other activities of the Government or because of the informational value of the data contained in it.

b) The President emphasized the importance, in file-keeping and file-cleaning, of throwing out personal or gossipy material which does not come under the definition in paragraph (a) above.

c) The Cabinet noted that Secretary Dulles, before his death, had arranged for the donation of certain of his private papers to the Eisenhower Library in Abilene, such donation having been made pursuant to Section 507 of the Federal Records Act, as amended.

2. The President's Staff Notes -- Review of Agency Participation

ACTION: a) The President stressed the value of this reporting system in providing information to him, and requested that his Cabinet Members and agency heads give close personal attention to maintaining a high and effective rate of participation in the "Staff Notes".

b) The Assistant to the President will make available to individual Cabinet Members the "table of performance" which has been compiled and which reveals wide variations in contributions.

3. The New Delhi World Agriculture Fair CI - 59-61

ACTION: a) The Members of the Cabinet and the President expressed satisfaction with the concept, timing and arrangements for the World Agriculture Fair in New Delhi.

b) The President stressed the importance of exhibiting farm machinery which could be available and useful to Indian farmers, individually or in cooperatives, and expressed his interest in an historical exhibit showing how U. S. agriculture itself has gradually progressed from primitive origins.

4. Budget Results of Fiscal Year 1959

ACTION: The Cabinet noted with satisfaction that the net revenue estimates of last December and January for FY 1959 turned out to have been accurate within 1/4 of one per cent, in contrast to Congressional criticism voiced as recently as eight weeks ago.

5. Action Status Report CI - 59-7/7

ACTION: The eighth Action Status Report was noted by the Cabinet.

ADDITIONAL ITEMS:

A. Verbatim Transcripts of Committee Meetings

ACTION: In order carefully to protect candidness and freedom of discussion, the President requested that there be no verbatim transcripts made of meetings of intra-government or public advisory committees. Summary minutes of actions taken, as distinguished from verbatim transcripts, continue to be appropriate (e.g. as per subparagraph 1(a)5 of approved Cabinet Paper 59-82/2).

Approved by the President
July 23, 1959

Robert Gray
Secretary to the Cabinet

July 21, 1959

MEMORANDUM FOR THE VICE PRESIDENT

SUBJECT: Summary of the July 17 Cabinet Meeting

For your information and convenience, the following is a summary of the Cabinet meeting of July 17:

The Dixon-Yates Contract. The President opened the meeting by referring to the Court of Claims' decision that there was no conflict of interest involved in the Dixon-Yates Contract. The Attorney General commented that the case had been assigned to career people with instructions to prosecute it vigorously, and they did; they pulled no punches. Even then, the Court decided against the prosecution (--an implied vindication of the President).

Verbatim Transcripts of Committee Meetings. The President then turned to the subject of verbatim transcripts of meetings of public advisory and interdepartmental committee meetings. He remembered Attorney General Brownell's recommendation, some years back, that public advisory committees should have good minutes kept in order to help ensure against anti-trust problems. But actual verbatim transcripts were dangerous in that they interfere gravely with candidness and freedom of discussion. They are, for example, never allowed at the NSC. The President asked that the practice of verbatim transcripts be stopped, but, of course, that good minutes continue to be taken.

Removal of Papers by Retiring Department and Agency Heads. The Attorney General explained that this revised Cabinet Paper provided useful guidelines to help ensure that retiring agency heads would not violate the laws with respect to removal of papers; GSA and Archives are available to give advice whenever requested. He explained the unusual safeguards surrounding the Dulles collection in Princeton --

so unusual that this collection should not really be regarded as an "invitation" for others to do likewise. Acting Secretary Dillon explained what the collection consisted of and informed the President and the Cabinet that a personal segment of these papers was being donated to the Eisenhower Library at Abilene.

The President described government files as often ridiculously full of trivia, scraps of paper, and other superfluities which shouldn't be there. When he was in the Army, his attempts to clean out the files of such material were always met with the insistence that he was destroying "records". He was equally concerned with "gossip" found in the files of investigative agencies and presumably retained as "records". The Attorney General assured the President that just because papers were found in the files didn't make them records in a legal sense; the material in investigative agencies' files has to be retained for official purposes; if it was gossip, it was so evaluated. In any case, no such material could ever be removed from the government.

The President's Staff Notes -- Review of Agency Participation. General Persons referred to the importance of this reporting system and the President confirmed this by stressing its value to him as a method of alerting him about hidden problems with which he has to deal in correspondence and in press conferences. General Persons pointed out that there has been a wide variation in contributions from the agencies, and that a "table of performance" has been prepared which he will send around personally to the Cabinet Members.

The New Delhi World Agriculture Fair. Secretary Benson and Assistant Secretary Kearns explained the concept and scope of the Fair and emphasized that it would highlight small farm equipment and machinery which the Indian farmers themselves, individually or collectively, could actually use. The Russians are expected to come in with an exhibit of huge machinery which would not at all be adaptable to India. The General Manager of the Fair, Mr. Knowles, showed eight slides which portrayed the buildings and grounds, and Ambassador Lodge and Acting Secretary Dillon commented very favorably on the Fair's timing and content. The President stressed his interest in having the Fair include an historical exhibit showing how American agriculture has progressed gradually from its own primitive origins in colonial times.

Budget Results of Fiscal Year 1959. Mr. Anderson gave figures which the Treasury Department had just collected for FY 1959: revenues of $80.7 billion, as compared with the January estimate of $80.594 billion, or a difference of only one-fourth of one percent from the January estimates. This was amazingly close, particularly in view of the Congressional criticism as recently as eight weeks ago that the January estimates were a billion dollars too high.

Action Status Report. The Secretary to the Cabinet called attention to this periodic document.

Robert Gray
Secretary to the Cabinet

BHP:gs

THE WHITE HOUSE
WASHINGTON

PRESIDENT'S STAFF NOTES

AGENCY PERFORMANCE -- ITEMS SUBMITTED

JULY 1958 -- JUNE 1959

AGENCY	ITEMS RECEIVED
State	490
Treasury	62
Defense	697
Justice	1
Post Office	11
Interior	22
Agriculture	56
Commerce	149
Labor	118
HEW	40
Budget	44
OCDM	43
White House	135
GSA	5
ICA	129
USIA	125
AEC	119
NASA (from Oct. '58)	29
VA	16
HHFA (from Mar. '59)	5
DLF (June '59 only)	4
NSF	3

THE WHITE HOUSE
WASHINGTON

THE ASSISTANT TO THE PRESIDENT

July 9, 1959

MR. PRESIDENT:

I have sent out word that there will be no Cabinet meeting tomorrow because the agenda is too thin to justify one.

This is brought about by the fact that (1) Governor Hoegh had to depart for Ohio due to the serious illness of his Mother, and (2) the item on Barter had to be cancelled because it requires further analysis and consideration by Mr. Clarence Randall's group.

I trust this meets with your approval.

Jerry Persons

Jerry Persons

The [illegible] Library

THE WHITE HOUSE
WASHINGTON

July 6, 1959

MEMORANDUM

SUBJECT: Cabinet Agenda for July 10

The following subjects are tentatively scheduled for the Cabinet Agenda of Friday, July 10, 1959:

1. The New Delhi World Agriculture Fair (Secretary Benson, Assistant Secretary Kearns, and General Manager Nathaniel Knowles)

In December of this year, the World Agriculture Fair will open in New Delhi. The United States is spending $2 million of Federal funds, plus extensive donations and loans of private equipment and materials. The theme is primarily one of showing the kindredship between free agriculture in the United States and free agriculture in India; the exhibits will emphasize those aspects of American agriculture which the Indians can actually put into practice for their own benefit.

Secretary Benson will introduce the subject, and Acting Secretary Mueller, followed by Assistant Secretary of Commerce Kearns, will introduce Mr. Nathaniel Knowles, the General Manager of the Fair, who will make a very short slide presentation.

Estimated time: 10 minutes

2. Terms of Reference for the Committee on National Goals (Mr. Merriam)

Deferred from the last meeting.

Estimated time: 10 minutes

3. Funding of the Delegate Agencies' Civil
Defense and Defense Mobilization Functions (Director Hoegh)

The House has just eliminated OCDM's "delegate agency" money under which the departments and agencies carry on planning and programming activities for civil defense and defense mobilization which are inseparable from their peacetime responsibilities (e.g., Labor's emergency manpower planning). The Administration has long felt that these activities are so inseparable that they should be funded and defended by the respective agencies; the House Appropriations Committee has insisted that all the individual funds be in a lump sum which it can whack at.

Bowing to the Committee, OCDM in recent years has submitted the delegate agency program in a lump sum package, and this year that lump sum has been totally cut off. Governor Hoegh wishes to make it a matter of agreement that for FY 1961 the individual delegate agencies will prepare, present and defend their respective parts of this program.

Since this matter directly affects many at the Cabinet table, Governor Hoegh has asked to speak to this point on Friday.

Estimated time: 10 minutes

4. Removal of Papers by Retiring
Department and Agency Heads (The Attorney General,
Mr. Floete, and Mr. Wayne
Grover)

In January 1959, a Cabinet Paper on this subject received partial approval. The "part" that was unresolved involved the establishment of private archives of classified documents, and access thereto. Resolution of this problem was accomplished by the issuance of a new Executive Order (10816 of last May 7); the Dulles Princeton collection is the prime example of this kind of archive.

With thisissue settled, the paper has been revised with the help of Justice and Defense and GSA (National Archives), and is ready for final approval. Another reason for ensuring that the matter is settled at this time is that plans for the orderly removal of the papers which can be removed -- or for the use of the Presidential depository at Abilene by Cabinet Members themselves -- should be made now, not in haste in January 1961.

Estimated time: 10 minutes

5. **Barter -- Alternatives and Limitations** (Secretary Benson)

Senator Bridges has recently asked that the Leadership be given a report on the problem of barter; there are some on the Hill who wish to introduce legislation which would try to expand greatly this method of getting rid of agricultural surpluses. The arguments against such an expansion, however, are even stronger in Secretary Benson's view -- i.e., the competition with dollar sales and the resultant foreign policy complications. The Secretary has prepared a chart presentation showing what our program is now and why it should not be overly increased. He has asked that this be on the Cabinet Agenda Friday and an Administration position agreed upon prior to next week's Leaders' meeting.

Estimated time: 15 minutes

6. **Action Status Report** (The Secretary to the Cabinet)

The eighth Action Status Report has been prepared and distributed.

As is customary, we will remind the members of the Cabinet how the report serves them, and call their attention to the particular sections.

Estimated time: 1 minute

Bob

Robert Gray
Secretary to the Cabinet

THE WHITE HOUSE
WASHINGTON

July 13, 1959

MEMORANDUM

SUBJECT: Cabinet Agenda for July 17

With Cabinet for July 10 having been cancelled, there are a larger than usual number of items which are awaiting consideration and which should be scheduled for the 17th, as follows:

1. Terms of Reference for the Committee on National Goals

The President is being consistently needled on this at press conferences, and the Cabinet still is in the dark as to what is planned and as to what will be expected of them. A Cabinet discussion of its scope and terms of reference need not await the completion of the last detail of the arrangements, but would at least indicate some progress on this long-deferred item.

2:0

2. Removal of Papers by Retiring Department and Agency Heads (The Attorney General)

In January 1959, a Cabinet Paper on this subject received partial approval. The "part" that was unresolved involved the establishment of private archives of classified documents, and access thereto. Resolution of this problem was accomplished by the issuance of a new Executive Order (10816 of last May 7); the Dulles Princeton collection is the prime example of this kind of archive.

With this issue settled, the paper has been revised with the help of Justice and Defense and GSA (National Archives), and is ready for final approval. Another reason for ensuring that the matter is settled at this time is that plans for the orderly removal of the papers which can be removed -- or for the use of the Presidential depository at Abilene by Cabinet Members themselves -- should be made now, not in haste in January 1961.

3. Action Status Report (The Secretary to the Cabinet)

1 The eighth Action Status Report has been prepared and distributed.

As is customary, we will remind the members of the Cabinet how the report serves them, and call their attention to the particular sections.

4. The New Delhi World Agriculture Fair (Secretary Benson and Assistant Secretary Kearns)

15 In December of this year, the World Agriculture Fair will open in New Delhi. The United States is spending $2 million of Federal funds, plus extensive donations and loans of private equipment and materials. The theme is primarily one of showing the kindredship between free agriculture in the United States and free agriculture in India; the exhibits will emphasize those aspects of American agriculture which the Indians can actually put into practice for their own benefit.

Secretary Benson will introduce the subject, and Acting Secretary Mueller, followed by Assistant Secretary of Commerce Kearns, will introduce Mr. Nathaniel Knowles, the General Manager of the Fair, who will make a very short slide presentation.

5. "Staff Notes" (General Persons)

2 The effectiveness for the President of this intimate reporting system depends entirely on the responsiveness of the departments. The last reminder at Cabinet was November 16, 1956. In spite of several private memoranda, there are still some laggards and General Goodpaster feels that a Cabinet reminder now would be very useful.

6. Departing Remarks from Dr. Killian

OUT This will be Dr. Killian's last Cabinet meeting. He would like to make a few remarks as he turns over the reins to his successor.

7. Wrap-Up of FY 1959 (Director Stans)

5 The figures for FY 1959 will be available just before the Cabinet meeting. Director Stans considers it apropos to mention them to the Cabinet while they are still "news".

8. Funding of the Delegate Agencies' Civil Defense and Defense Mobilization Functions (Director Hoegh)

The House has just eliminated OCDM's "delegate agency" money under which the departments and agencies carry on planning and programming activities for civil defense and defense mobilization which are inseparable from their peacetime responsibilities (e.g., Labor's emergency manpower planning). The Administration has long felt that these activities are so inseparable that they should be funded and defended by the respective agencies; the House Appropriations Committee has insisted that all the individual funds be in a lump sum which it can whack at.

Bowing to the Committee, OCDM in recent years has submitted the delegate agency program in a lump sum package, and this year that lump sum has been totally cut off. Governor Hoegh wishes to make it a matter of agreement that for FY 1961 the individual delegate agencies will prepare, present and defend their respective parts of this program.

Since this matter directly affects many at the Cabinet table, Governor Hoegh has asked to speak to this point on Friday.

9. OPERATION ALERT, 1959 -- Phase IV (Director Hoegh)

At the February 27 Cabinet meeting, the first three phases of OPERATION ALERT 1959 were agreed upon. A possible Phase IV -- a "buttoned-up" test of the protected sites -- was left pending further Cabinet discussion.

Governor Hoegh has now prepared the necessary briefing papers, suggesting the Phase IV test on October 19-20. General Goodpaster concurs that this is ready for Cabinet.

10. Barter -- Policy and Alternatives (The Secretary of Agriculture)

15 With the pressure to bring this subject before the Legislative Leaders apparently relaxed, Mr. Randall is scheduling it for a meeting of the Council on Foreign Economic Policy on Thursday, July 16; it can be brought to Cabinet subsequent to that meeting.

58

Robert Gray
Secretary to the Cabinet

THE WHITE HOUSE
WASHINGTON

July 15, 1959

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Friday, July 17

1. Verbatim Transcripts (The President)

You are planning to mention the subject of verbatim transcripts of advisory committee meetings.

2. Removal of Papers by Retiring Department and Agency Heads (Attorney General Rogers)

In January 1959, a Cabinet Paper on this subject received partial approval. The "part" that was unresolved involved the establishment of private archives of classified documents, and access thereto. Resolution of this problem was accomplished by the issuance of a new Executive Order (10816 of last May 7); the Dulles Princeton collection is the prime example of this kind of archive.

With this issue settled, the paper has been revised with the help of Justice, Defense, and GSA (National Archives), and is ready for final approval. Another reason for ensuring that the matter is settled at this time is that plans for the orderly removal of the papers which can be removed -- or for the use of the Presidential depository at Abilene by Cabinet Members themselves -- should be made now, not in haste in January 1961.

3. **The President's Staff Notes -- Review of Agency Participation** (General Persons)

The effectiveness of this intimate reporting system depends entirely on the responsiveness of the departments. The last reminder at Cabinet was November, 1956. In spite of several private memoranda sent by General Goodpaster, some make little or no contribution to "Staff Notes". General Persons will emphasize to the Cabinet how important it is for the departments to participate fully in contributing to these reports.

4. **The New Delhi World Agriculture Fair** (Secretary Benson and Acting Secretary Mueller)

In December of this year, the World Agriculture Fair will open in New Delhi. The United States is spending $2 million of Federal funds, plus extensive donations and loans of private equipment and materials. The theme is primarily one of showing the kindredship between free agriculture in the United States and free agriculture in India; the exhibits will emphasize those aspects of American agriculture which the Indians can actually put into practice for their own benefit.

Secretary Benson will introduce the subject, and Acting Secretary Mueller, followed by Assistant Secretary of Commerce Kearns, will introduce Mr. Nathaniel Knowles, the General Manager of the Fair, who will make a very short slide presentation.

5. **Budget Results of Fiscal Year 1959** (Secretary Anderson)

The figures for FY 1959, on the basis of which Treasury will make its final statement, are expected to be available just before the Cabinet meeting. Secretary Anderson will summarize them briefly.

6. **Action Status Report** (Mr. Robert Gray)

As Cabinet Secretary, I have just prepared the eighth Cabinet Action Status Report.

As is customary, I shall remind the members of the Cabinet how the Report serves them, and call their attention to the particular sections in which they have an interest.

Bob

Robert Gray
Secretary to the Cabinet

CABINET PAPER—PRIVILEGED

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CP - 58-58/1

February 24, 1958

The White House

Washington

THE CABINET

Removal of Papers by Retiring Department and Agency Heads

For consideration by the affected Members of the Cabinet, attached is a revision of the paper on the above subject. The revisions in this paper have been prepared by the Department of Justice in consultation with the Department of State (cf RA - 57-65, Item 2), and after considering suggestions made by the Bureau of the Budget and the Department of Defense.

In order better to deal with possible removals of classified information (i.e. for historical collections), the interested Departments are now considering a revision of Executive Order 10501 of November 6, 1953. In the light of such a forthcoming revision, this document is not being circulated at this time as a final Cabinet Paper.

Pursuant to RA - 57-65, Item 2, however, the attached Paper is to be considered approved in the interim, and, pending revision of Executive Order 10501, as guidance for all officers who may be affected.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Consideration

CABINET PAPER—PRIVILEGED CP - 58-58/1

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February 24, 1958

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Washington

THE CABINET

Removal of Papers by Retiring Department and Agency Heads

Brief

Problem

To set forth a consistent policy and a set of recommendations which will govern the removal of papers by retiring Department and Agency Heads.

Discussion

Documents which are truly personal and private belong to the respective agency heads, and can be removed. The removal of public documents is limited by statute, with certain discretion allowed. Many papers, however, will be found to be a mixture of private and public matters. Case by case decisions will then be required on the part of each agency head to determine whether a given paper is preponderantly personal or public.

Statutory limitations:

(a) Material classified pursuant to E.O. 10501 --

There is no provision for removal of classified material by a retiring officer, and two separate criminal statutes probably apply to any such removals.

(b) "Records" --

Material which falls under the statutory definition of "Records" may be disposed of only through the procedures specified in the Records Disposal Act (involving submitting of lists and schedules to the Administrator of GSA and their being resubmitted by him to the Congress for Joint Committee examination).

(c) Confidential information within the meaning of several specific statues (e.g. involving codes, cryptographic systems, communications intelligence, income tax returns, bank examining, and certain Social Security and confidential statistical information) --

The unauthorized removal of papers falling under any of these special statutes is subject to criminal penalties.

Area of Discretion:

(a) The determination as to what are "Records" (of "b" above).

The statutory definition of "Records" is given on page 2 of the attached paper. The legislative history of the Records Disposal Act makes it clear that the determination of what are "Records" is a matter of limited agency head discretion. The disposal of papers judged not to be "Records", and which do not fall under the additional limitations of "a" and "c" above, is subject to "regulations" which "the head of each department is authorized to prescribe..."

In making the above determinations, agency heads are referred to Section 2 of the attached paper.

Recommendations (As guides to department and agency heads and officials of similar status):

(a) No material, even though judged not to be "Records," should be withdrawn if its withdrawal will create such a gap in the files of the agency as to disrupt the proper documentation of its activities as provided for in section 506 of the Federal Records Act. Since such work-aids as office diaries, logs, memoranda of conferences and telephone calls are usually reflected in actual agency records, such work-aids ordinarily can be removed.

(b) If any documents are judged not to be "Records" but to be preponderantly personal and are to be removed, the agency head should make a record of anything contained therein relating to matters involving the official business of the agency.

(c) Personal diaries should be considered as not "Records" but private property, providing they contain no government documents which should not be removed under the other limitations specified in this paper.

(d) Extra carbons or non-record copies of "Records" may be removed, providing:

- (i) there are no legal or policy reasons for keeping the information therein confidential;
- (ii) if they were produced by a second agency, that agency does not wish them kept confidential;
- (iii) that the record copies, and sufficient non-record copies for the convenient transaction of business still exist in the interested agencies.

(e) Material classified under Executive Order 10501 and Restricted Data under the Atomic Energy Act of 1954, no matter what its form, should not be removed from the custody, control, or possession of any Department, agency, or person charged with its protection, and title to such material may not be transferred from the United States. However, documents classified under Executive Order 10501 may not necessarily be excluded from collections of documents convenient for historical and similar research if the Government's paramount proprietary interest in classified documents is recognized and if the establishment and maintenance of such collections and the provisions for access to the classified documents included in them comply with the Executive order. Access is permitted by the order only if it is "in the interest of promoting national defense." This requires a direct relationship to defense and does not include general welfare activities which have only an indirect bearing upon defense.

(f) Department and agency heads should, using this paper as a guide, consider the advisability of publishing a policy for removals by subordinate bureaus and offices in order to bring about consistent practice.

(g) Rather than make decisions in haste, retiring department and agency heads should consider having representatives of the National Archives examine and give advice on all material which is planned for removal.

(h) All agency heads should consider initiating a continuing system for segregating personal and withdrawable material from "Records", at the time of origination.

(i) Retiring department and agency heads planning to remove papers should consider making use of the system of Presidential archival depositories (including the right of restriction on access) established by Section 507 of the Federal Records Act as amended.

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THE CABINET

Removal of Papers by Retiring Department and Agency Heads

The determination of what documents retiring department heads or other officers appointed by the President may remove and take with them when they leave office is complicated by the problem of ascertaining whether the documents in question are public or private in nature. Documents which are truly personal or private belong to them and may be removed. The removal of public documents is limited by statute. However, department heads and officers of similar status frequently maintain wide contacts in business, politics and other aspects of national life and undertake activites not directly related to the functions of their offices. Their correspondence often has a mixed character. Because of this, it may be difficult to determine whether correspondence or other documents containing personal material, but bearing upon the conduct of public business, must be regarded as public documents.

While all the possible situations cannot be anticipated, it would be helpful to set forth the types of material which, as a matter of law must be retained by the Government, the area in which discretion to remove exists and how the law indicates that discretion should be exercised. The applicable criminal law will also be referred to where relevant. In the light of that discussion a number of specific recommendations will be made.

1. Documents which may not be removed.

(a) Classified information and Restricted Data under the Atomic Energy Act. Executive Order 10501 of November 5, 1953 (18 F.R. 7049), contains special provisions for the safeguarding of "official information which requires protection in the interests of national defense." Only "official information" may be classified under the order, and the fact that material containing such information has been so classified indicates that it has been determined not to be private in nature. In addition, the order contains elaborate provisions relating to access, custody, safekeeping, dissemination, accountability and disposition which indicate that it intends that, while such material remains classified, none of the Government's property rights relating to it be transferred to others, including to retiring department or agency heads. The order also limits the dissemination of classified information to a former officer even though he "may have been solely or partly responsible for its production."

The system established by the Executive order makes no provision for the removal by a department head or other individual of any material which comes under it. Material classified under the order may be disposed of only by burning or equally destructive methods or in accordance with procedures established by the Records Disposal Act (44 U.S.C. 366, et seq.), which does not provide for removal by a retiring officer. The fact that a document has been classified under the order would provide an argument of some force that a removal was "willful and unlawful" within the meaning of 18 U.S.C. 2071 which provides criminal penalties for the willful and unlawful removal of records, papers, documents "or other thing" deposited with any public office or officer. The statute covers unlawful removal by, among others, those "having the custody." Further, 18 U.S.C. 793 makes criminal the willful retention of, among other things, any "document, writing, * * * or note relating to the national defense" and the failure to deliver it to the officer or employee of the United States entitled to receive it. This section also appears applicable to documents classified under the Executive order.

Similar conclusions follow from the special restrictions imposed on access to Restricted Data, as that term is defined in the Atomic Energy Act of 1954 (42 U.S.C. 2161-2166), and the criminal penalties imposed for the violation of this act, specifically those dealing with communication, receipt, tampering, or disclosure of Restricted Data (42 U.S.C. 2273-2277), make it clear that removal of such material by a retiring officer is prohibited.

Accordingly, material classified under Executive Order 10501 and Restricted Data under the Atomic Energy Act of 1954, no matter what its form, may not be removed from the custody, control, or possession of any department, agency, or person charged with its protection, nor may title to such material be transferred from the United States.

This conclusion may not necessarily prevent the establishment of collections of documents convenient for historical and similar research. These could include material classified under the Executive order so long as the Government's paramount proprietary interest in classified documents is recognized. However, proposals to establish such collections should be carefully examined in order to determine that their establishment and maintenance, and that access to the classified documents included, comply with the provisions of the Executive Order. Access is permitted by the order only if it is "in the interest of promoting national defense." This requires a direct relationship to defense and does not include general welfare activities which have only an indirect bearing upon defense. In addition, the duplication of classified documents for the purposes of such collections and the added burden of protecting the documents raise substantial policy questions which should be carefully considered.

(b) "Records." The Records Disposal Act provides specific procedures for the disposal of "records" as that term is defined therein. The definition is set forth below. The act provides that records may be disposed of only through a procedure involving the submission by each agency head to the Administrator of the General Services Administration of lists of records which do not have sufficient "value to warrant their further preservation," and of schedules proposing the disposal after the lapse of a specified period of time of records of a specific character that have accumulated or may accumulate in the agency. The Administrator must then submit the lists and schedules to the Congress to be examined by a Joint Committee. Disposal is permitted only if the Committee so recommends or fails to make a recommendation within a period of time fixed in the act. These procedures "are exclusive and no records of the United States Government shall be alienated except in accordance" with the provisions of the act. Accordingly, if material is in fact "records" it may not be removed and removal might constitute a criminal violation under 18 U.S.C. 2071. However, as indicated below, limited discretion is conferred on agency heads to determine whether material is "records."

(c) Confidential information. There are numerous statutes which guarantee the confidential nature of certain information supplied to the United States or its officers and make it a crime to disclose such information. Without listing them all, they include classified information relating to codes, ciphers, cryptographic systems and similar devices used in connection with communications intelligence (18 U.S.C. 798); income tax returns (I.R.C. 6103 (a)); information in possession of the Social Security Board (42 U.S.C. 1306); confidential statistical information (18 U.S.C. 1905); information obtained by bank examiners (18 U.S.C. 1906); and Farm Credit Examiners (18 U.S.C. 1907). It is difficult to see how material containing information covered by statutes can be considered as anything other than official documents the removal of which would be improper.

2. Documents as to which discretionary authority for removal exists. Government owned documentary material which does not fall within the definition of records may be disposed of under R.S. § 161 (5 U.S.C. 22) which provides:

> "The head of each department is authorized to prescribe regulations, not inconsistent with law, for * * * the custody, use, and preservation of the records, papers, and property appertaining to it."

This statute, apparently enacted under the authority of the Congress to make rules and regulations respecting the "Property of the United States"

(Constitution, Art. I. Sec. 3, Cl. 2), seems to confer adequate authority upon department heads to dispose of records and papers appertaining to a department so long as such disposition is "not inconsistent with law," e.g., the Records Disposal Act, Executive Order 10501 or limitations relating to confidential information. Accordingly, if material does not fall within the definition of "records," contained in the Records Disposal Act, as, for example, extra carbons or photostats of memoranda, and is not classified or confidential removal may be authorized under R.S. § 161. Although the statute covers only the nine executive departments enumerated in 5 U.S.C. 1, the courts have tended to read parallel powers into the statutes governing the independent agencies.

The definition of "records" contained in the Records Disposal Act (44 U.S.C. 366) includes:

> "all books, papers, maps, photographs, or other documentary materials, regardless of physical form or characteristics, made or received by any agency of the United States Government in pursuance of Federal law or in connection with the transaction of public business and preserved or appropriate for preservation by that agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the Government or because of the informational value of data contained therein. Library and museum material made or acquired and preserved solely for reference or exhibition purposes, extra copies of documents preserved only for convenience of reference, and stocks of publications and of processed documents are not included within the definition of the word 'records' as used in this Act."

Extra carbon copies and photostats are not records under this definition. Further, the definition confers some discretion on agency heads to determine whether material comes under it, and the legislative history of the act indicates that some discretion was in fact intended. The definition requires that two conditions must be met. First, it must be "made or received by any agency of the United States Government in pursuance of Federal law or in connection with the transaction of public business." Second, it must either be "preserved or appropriate for preservation by that agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the Government or because of the informational value of data contained therein." Obviously cases may exist in which it is difficult to determine whether any particular document should be treated as a "record" in the light of these requirements. Special difficulty may exist with respect to the correspondence of an officer which he may tend to regard as private or personal but which also has some relation to public business. While it may be easy to determine that such correspondence should be preserved, it is sometimes difficult to conclude it has been "made or received by any agency of the United States Government in pursuance of Federal law or in connection with the transaction of public business."

Guidance as to the manner in which discretion is intended to be exercised is supplied by the emphasis placed in the Federal Records Act (44 U.S.C. 392, _et seq._) upon the making and preservation of records for the purpose of documenting policies, decisions and essential transactions of agencies and in order to protect the legal and financial rights of both the Government and persons affected by agency activities. Material necessary for such purposes is to be treated as "records" and not be removed.

The diaries or private accounts of the public activities of high officials may ordinarily be regarded as private property. R.S. § 161 is limited in its application to papers "appertaining to" a department, and it would be justifiable to conclude that a diary or private account does not so "appertain" within the meaning of the section. The definition of the term "records" does not require their inclusion under it. While conceivably the discretionary power conferred by the definition could be extended to cover them, there appears to be no reason why this should be done. Such diaries or accounts are of historical importance and ordinarily ultimately become part of the body of history available to scholars. Since they deal with matters which are usually elsewhere covered by adequate "records," officials have the choice of preparing such diaries or accounts or failing to do so. Because they often contain highly personal material, such as appraisals of associates and political speculation, any attempt to treat them as public property would probably result in their not being produced at all.

The authority of retiring department or agency heads to remove material necessary for the preparation of such private accounts after they have left office is governed by the general principles contained in this memorandum. The discretion conferred upon department and agency heads with respect to the classification of materials as records must place primary emphasis upon the importance of maintaining in the hands of the Government documentation of Government activity. However, if this purpose is effectuated, leeway remains for the treatment of papers as either private or as non-record and, therefore, subject to being removed under R.S. § 161 if otherwise proper.

3. Recommendations. Specific recommendations cannot cover the whole variety of situations which may arise. However, they should provide a guide to the solution of many problems and point to the general approach to others. The recommendations relate only to department and agency heads and officials of similar status.

(a) No material should be withdrawn if its withdrawal will create such a gap in the files of the agency as to disrupt the proper documentation of its activities as provided for in section 506 of the Federal Records Act. Ordinarily, it would not be an abuse of discretion to withdraw personal work aids such as office diaries, logs, memoranda of conferences and telephone calls. Adequate agency records of the material referred to usually exist and withdrawal will, therefore, not cause such disruption.

(b) It is almost impossible to make a rule with respect to correspondence addressed directly to an agency or department head. Much of it relates only to department business, fully meets the definition of records contained in the Records Disposal Act, and must be treated as official records. However, much of it can be treated as personal or private and deals with either the public activities of the individual not related to his department or agency or with his purely personal activities. To the extent that material clearly falls within this category there can be no objection to the removal. However, there is undoubtedly a large body of correspondence which contains material of both types. Here, a delicate judgment as to whether it is preponderantly agency material or personal in nature must be made in each case. In the event that it is determined to be essentially personal and that it is to be removed, a record should be made of anything contained therein relating to matters involving the official business of the agency.

(c) Personal diaries should be regarded as private property. To the extent that they deal with matters of public importance of the affairs of a department or agency they ordinarily merely repeat or supplement with personal detail matters as to which records adequate to meet the statutory standards exist. To regard them as records would probably prevent their being kept at all. However, there are in existence "diaries" which, as well as containing the personal notations normally expected, are also in fact collections of Government documents. The propriety of removing such "diaries" depends upon the propriety of private possession of the documents.

(d) Whether or not a departing officer may take extra carbons or other non-record copies of records should depend largely upon whether there is any policy or legal reason why the information contained in them should be regarded as confidential. If they should be so regarded, the responsibility of keeping them confidential should be vested in the Government, not in former officers. In some cases the documents were produced in another agency. It would be appropriate to obtain the views of that agency as to the confidential status of documents before removing them. In some cases regulations may so require. Assuming there are no reasons to keep the information contained in the documents confidential and that record copies exist in the interested agencies, together with such extra non-record copies necessary for the convenient transaction of business, there should be no objection to the removal of copies.

(e) Material classified under Executive order 10501 and Restricted Data under the Atomic Energy Act of 1954, no matter what its form, should not be removed from the custody, control, or possession of any Department, agency, or person charged with its protection, and title to such material may not be transferred from the United States. However, documents classified under Executive Order 10501 may not necessarily be excluded from collections of documents convenient for historical and similar research if the Government's paramount proprietary interest in classified documents is recognized and if the establishment and maintenance of such collections and access to the classified documents included in them comply with the provisions of the Executive order. Access is permitted by the order only if it is "in the interest of promoting national defense." This requires a direct relationship to defense and does not include general welfare activities which have only an indirect bearing upon defense. In addition, the duplication of classified documents for such collections and the added burden of protecting them raise substantial policy questions. (See Section 1(a) above.)

(f) It would be appropriate for department and agency heads to publish a policy for their agencies and departments relating to what documents and material officers and employees may obtain and keep for their personal use and what must remain in the official files. While the same policies might not necessarily apply to all levels of officers and employees, it would articulate the problems and establish a practice which could at least be used as a standard.

(g) It would be appropriate for responsible employees of the agency or department, and possibly representatives of the National Archives, to examine all material intended to be removed by a retiring agency head in order to make sure that adequate agency records exist as to any official matters referred to in the material and that no material containing security or confidential information is removed. It is understood that in a number of cases the decision has been hurriedly made by a personal assistant or secretary in the last days or hours before resignation, with the result that proper consideration has not been given to all factors involved.

(h) It would be appropriate for all agency heads to follow a system whereby personal material and records could be segregated as they are created or received, and kept separate at all times.

(i) Section 507 of the Federal Records Act, as recently amended (44 U.S.C. 397), establishes a system of Presidential archival depositories. Under the section, the Administrator of General Services may accept for deposit in either the National Archives or in such depositories Presidential papers, papers and other historical materials of officials or former officials and other papers "relating to and contemporary with any President or former President of the United States." The section specifically provides that deposits may be made "subject to such restrictions respecting their availability and use as may be specified in writing by the donors or depositors, * * * , and such restrictions shall be respected for so long a period as shall have been specified, or until they are revoked or terminated by the donors or depositors or by persons legally qualified to act on their behalf * * * ." This legislation provides an attractive means for centralizing private collections of materials dealing with specific Presidential administrations, and serious thought should be given by retiring or retired officials possessing such collections to taking advantage of the legislation. Further, the statutory recognition of the right of the donors to place restrictions on availability and use might operate effectively against either a judicial or legislative subpoena. Privately-owned papers not so deposited would probably be subject to subpoena.

CABINET PAPER—PRIVILEGED

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CP - 58-58/2

November 26, 1958

THE WHITE HOUSE

Washington

THE CABINET

Removal of Papers by Retiring Department and Agency Heads -- Recommended Amendment to Executive Order 10501 to Permit Historians' Access to Classified Records

For consideration by the Cabinet, attached is a paper prepared by the Secretary of State.

At the Cabinet meeting of January 18, 1957, the recommendations of Cabinet Paper 56-58 were approved subject to the Departments of State and Justice working out agreed wording with respect to Recommendation "e", a proviso which would as it stands prohibit any classified material from being removed (cf RA - 57-65, Item 2).

In going into this matter thoroughly, the conclusion was reached by the Secretary of State that the present wording of Executive Order 10501 is such that "research for historical or related purposes into any classified records of any Government agency is an impossibility, including historical research by employees of the Government not less than by private persons."

Pending the discussion of this point among the interested agencies, an appropriate revision of Cabinet Paper 56-58 was circulated as interim guidance (CP - 58-58/1).

The attached paper is submitted for the consideration of the Cabinet and the approval of the President. If it is approved and the revised Executive Order issued, Cabinet Paper 58-58/1 will be amended accordingly and circulated as a final paper binding on all officers affected.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Consideration

CP - 58-58/2
November 26, 1958

THE WHITE HOUSE

Washington

THE CABINET

Removal of Papers by Retiring Department and Agency Heads -- Recommended Amendment to Executive Order 10501 to Permit Historians' Access to Classified Records

CABINET PAPER

For Consideration

BACKGROUND

The Department of State, in common with certain other Departments of the Government, has long been interested in the problems involved in collecting, preserving and, at a suitable time, making public governmental documents of historical significance. Indeed, the Department of State itself engages in all these activities, and it has traditionally encouraged and assisted the work of reputable scholars interested in the Department's own records; always, of course, with due regard for the requirements of national security, the safeguarding of United States relations with foreign governments, and the basic requirements of ordinary propriety.

The Department of State, therefore, is constantly seeking ways to insure that all important historical data is preserved for the future; and that such data is made available in usable form as soon as is consistent with proper procedure.

One such significant innovation is the so-called "Princeton Project" to make microfilm copies of selected current documents of the Department to illustrate certain specific aspects of foreign policy. This collection, which would be physically located at Princeton although under the full control of the Department, would consist entirely of copies of documents originating in (and the contents of which originated in their entirety in) the Department of State. The Secretary of State's outline of the nature and purposes of this project (at the Cabinet meeting of January 17, 1957) was noted without objection.

Upon exploring this project, the Department of State encountered only one apparent difficulty, that being the language of the first sentence of Section 7 of Executive Order 10501, which reads:

> "Knowledge or possession of classified defense information shall be permitted only to persons whose official duties require such access in the interest of promoting the national defense and only if they have been determined to be trustworthy."

Within this sentence, the principal difficulty is that of finding that access to ("knowledge of") classified information for purposes of bona fide historical research, even under suitable safeguards, actively "promotes" the national defense.

It is easy to argue that access for such purposes is "not inconsistent with", or "does not jeopardize", the national defense. It is also easy to argue that such access is "desirable in the national interest", for valid historical research is a necessary foundation to the accurate presentation of facts about the activities of governments which are desired by every democratic government. To argue, however, that such activities actively "promote" the national defense -- especially since the term "national defense" has been narrowly interpreted -- is to torture the meaning of words.

The question here raised is of basic importance to the Department of State; for, although this question was brought to light as a result of the Department's exploration of the "Princeton Project", the basic question at issue concerns the Department's own existing policy in granting or withholding access to its own records for purposes of historical research. The "Princeton Project" does not provide for access to the records of the Department under any different conditions whatsoever than are provided in the Department's own regulations governing access to its own documents.

The Department of State feels that, under any reasonable interpretation of the present language of Section 7 of EO 10501, research for historical or related purposes into *any* classified records of *any* Government agency is an impossibility, including historical research by employees of the Government not less than by private persons. This conclusion is inescapable, unless it is first decided that historical research in itself "promotes" the "national defense".

Since other Departments of the Government besides the Department of State permit (and, indeed, encourage) historical research into their classified records -- and have done so, as has the Department of State, for many years -- the Department believes that this problem should be of Government-wide concern.

The Department of State is convinced that it was not the intention of Executive Order 10501 to prohibit *bona fide* historical research under suitably controlled conditions; and that this language which, in our opinion, would make such research impossible, was not so intended. The Department of State therefore proposed in 1957 that the first sentence of Section 7 of the Executive Order be amended to read:

> "Knowledge or possession of classified information shall be permitted only to persons whose official duties require such access in the national interest, and only if they have been determined to be trustworthy."

At the request of the Department of State, the Attorney General wrote the Director of the Bureau of the Budget a letter, describing, *inter alia*, the proposed amendment, the pertinent parts of which letter are attached as Annex A. (E.O. 10501 itself is attached as Annex B.) On October 29, 1957, the Director of the Bureau of the Budget circulated to all interested Departments and Agencies this proposed amendment (together with certain other amendments not pertinent to this question), and requested comments.

While a number of agencies offered no comment or objection to the proposed amendment of Section 7, there is attached as Annex C a summary of the reactions of those agencies offering substantive comment. It will be noted that the only Department strongly opposed to the change is the Department of Defense.

THE PROBLEM

The Department of State has carefully reviewed this entire problem in the light of the helpful comments received from other Departments and Agencies. The Department of State is still convinced, for the reasons stated above, that some change is necessary in the first sentence of Section 7 of Executive Order 10501; and that, in the absence of a suitable change, access to or research in classified documents of the Federal Government for historical or related purposes, either by Government employees or by private citizens, will be prohibited unless it is officially determined that historical research "promotes" the "National Defense". The Department of State considers any such result highly undesirable, and completely foreign to the true intent of Executive Order 10501.

The Department of State also feels that a suitable change can be made in Executive Order 10501 to achieve the desired results, while fully safeguarding the legitimate security interests of the Government.

RECOMMENDATION

The Department of State, taking account of the objections raised by certain other Departments to its earlier proposal for amendment, now proposes that the first sentence of Section 7 of the Executive Order 10501 be changed to read as follows:

> "Knowledge or possession of classified defense information shall be permitted only to persons whose official duties require such access in the national interest; only if such access will not be inconsistent with the national defense; and only if such persons are trustworthy; all as determined by the head of the Department or Agency involved."

It should be noted that this wording change in no way affects the language of Section 7(c), which states in part:

> "...classified defense information originating in another department or agency shall not be disseminated outside the receiving department or agency without the consent of the originating department or agency...."

Thus the powers of determination of department and agency heads referred to in our amendment apply only to classified information originating in their own departments or agencies.

Annex A

To CP - 58-58/2

DEPARTMENT OF JUSTICE
Washington 25, D. C.

October 11, 1957

Honorable Percival F. Brundage
Director, Bureau of the Budget
Washington, D. C.

Dear Mr. Brundage:

I have caused to be prepared and am herewith presenting (1) a proposed Executive order entitled "Amendment of Executive Order No. 10501 of November 5, 1953, Relating to Safeguarding Official Information in the Interests of the Defense of the United States"........

* * * * * *

The proposed order would... embody the Department of State's suggestion relating to accountability and dissemination. The first sentence of section 7 of Executive Order No. 10501 now provides:

> "Knowledge or possession of classified defense information shall be permitted only to persons whose official duties require such access in the interest of promoting national defense and only if they have been determined to be trustworthy."

The Department of State has proposed to amend this language to read as follows:

> "Knowledge or possession of classified defense information shall be permitted only to persons whose official duties require such access in the national interest and only if they have been determined to be trustworthy."

I understand that the Department of Defense opposes the proposal. ICIS has not yet acted upon the recommendation. I believe that by including it among the proposed amendments of Executive Order No. 10501 existing differences may be resolved more expeditiously and at the appropriate level.

As I understand it, the immediate occasion for the Department of State proposal arises from consideration of an agreement between that Department, Secretary Dulles, and Princeton University relating to the "Princeton Collection of Dulles Papers." The background of that agreement arises from an attempt to accommodate the Government's interest in preserving its own archives, the security requirements for the protection of classified material, and the desire of Princeton and Mr. Dulles to place in one collection convenient for research and study documents of the phases of foreign policy which were formulated and carried out under his direction.

In brief, the agreement would provide that researchers designated by Princeton and cleared for security by the Department of State will examine the files of that department in order to select the documents which will be included in the collection. The originals will remain in the Department's files. However, duplicates will be made and be sent to Princeton where they will be held initially by the University as a repository for the Department of State and pursuant to security arrangements imposed by the department. Access to the duplicates of classified documents will be permitted by Princeton only to scholars cleared by the department under pertinent regulations issued to safeguard the security of the documents and their contents. Title to such duplicates will remain in the United States until such time as the department removes all restrictions on making the information contained therein available to the public generally.

The principal legal objection to the contemplated arrangement arises from the language of the first sentence of section 7 of Executive Order No. 10501. In view of this language and the intent and history of the Executive order, this department has taken the view that the words, "national defense," in the phrase "in the interest of promoting national defense," must be construed in a limited sense. They should be confined to activities directly related to the defense of the country as opposed to general welfare activities which may have only an incidental impact on national defense. Gorin v. United States, 312 U. S. 19, 28; Cole v. Young, 351 U. S. 541, 544.

Under the proposed agreement researchers designated by Princeton for the purposes of selecting the documents to be duplicated, employees of the University concerned with safeguarding them, and scholars would be given access to classified material. I understand that the Department of State believes it could make a finding that such access is in the national interest because it would encourage scholarship and the dissemination of information. However, it appears to have some difficulty in making the finding that such access would be "in the interest of promoting national defense" in the restrictive sense which this department considers the language to require. Accordingly, the Department of State has recommended the amendment of section 7 which is embodied in the proposed Executive order transmitted herewith.

It should be pointed out the suggested amendment would do more than merely affect the proposal relating to the Dulles Collection. The order now provides that access to classified defense information may be permitted only to persons "whose official duties[1] require" it and "only if they have been determined to be trustworthy." The requirement that knowledge or possession of classified information shall be permitted only "in the interest of promoting national defense" is an additional independent one. Accordingly, the present language appears to preclude access by trustworthy persons to defense information for purposes which would merely promote the general welfare even when access would be determined not to be likely to harm the national defense and to be for an official purpose. This applies equally to Government officials and employees and to private individuals. The language suggested by the Department of State would establish a test under which an agency or department head entrusted with safeguarding classified information or material could permit access to such material if he is satisfied that, in balance and including appropriate consideration of the interest of national defense, the general welfare or national interest is likely to be served if access is authorized.

This department has originated the proposed Executive order so as to present the policy questions involved. If, as a result of resolution of those questions, it should be decided to issue the order, I should appreciate an opportunity again to review it as to form and legality.

Sincerely,

Attorney General

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[1] The term "official duties" has not been interpreted to preclude access by individuals who are not Government officials or employees.

FOR RELEASE IN THE AFTERNOON PAPERS OF FRIDAY, NOVEMBER 6, 1953

JAMES C. HAGERTY, PRESS SECRETARY TO THE PRESIDENT

THE WHITE HOUSE

The President today signed an Executive order, which will become effective on December 15th, entitled "Safeguarding Official Information In The Interests Of The Defense Of The United States." This order revokes Executive Order No. 10290 of September 24, 1951. By severely limiting the authority to classify, by eliminating one of the old categories of classified material which is particularly subject to abuse ("Restricted"), and by providing for a continuing review of classified information for downgrading and declassification, the order will make it possible for our citizens to know more of what their government is doing. By more clearly defining the official information which is subject to classification, and by making the requirements of the defense interests of the United States the test as to whether, and how, information may be classified under the order, the danger of misuse of the order to hamper freedom of information, so vital to preservation of our form of government, is minimized.

The order abolishes the authority of twenty-eight agencies to place official information or material under defense classification, and limits such authority of seventeen other agencies by restricting it to the heads of such agencies without power to delegate.

The following Government agencies shall be subject to the provision of the order eliminating classification authority:

1. American Battle Monuments Commission
2. Arlington Memorial Amphitheater Commission
3. Commission of Fine Arts
4. Committee on Purchases of Blind-Made Products
5. Committee for Reciprocity Information
6. Commodity Exchange Commission
7. Export-Import Bank of Washington
8. Federal Deposit Insurance Corporation
9. Federal Mediation and Conciliation Service
10. Federal Reserve System
11. Federal Trade Commission
12. Housing and Home Finance Agency
13. Indian Claims Commission
14. Interstate Commerce Commission
15. Missouri Basin Survey Commission
16. National Capital Housing Authority
17. National Capital Park and Planning Commission
18. National Forest Reservation Commission
19. National Labor Relations Board
20. National Mediation Board
21. Railroad Retirement Board
22. Securities and Exchange Commission
23. Selective Service System
24. Smithsonian Institution
25. United States Tariff Commission
26. Veterans Administration
27. Veterans Education Appeals Board
28. War Claims Commission

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OVER

The following agencies shall be subject to the provision limiting classification authority to the head of an agency only:

1. Civil Aeronautics Board
2. Defense Transport Administration
3. Department of Agriculture
4. Department of Health, Education, and Welfare
5. Department of Interior
6. Department of Labor
7. Federal Communications Commission
8. Federal Power Commission
9. National Science Foundation
10. National Security Training Commission
11. Panama Canal Company
12. Post Office Department
13. Reconstruction Finance Corporation
14. Renegotiation Board
15. Small Business Administration
16. Subversive Activities Control Board
17. Tennessee Valley Authority

A comparison of the order with an earlier proposed draft published on June 17, 1953, will disclose a number of revisions. These have been adopted at the suggestion of various departments and agencies in the executive branch, representatives of the Press, and private individuals and organizations. Throughout the lengthy consideration of this order it has been the purpose to attain in it the proper balance between the need to protect information important to the defense of the United States and the need for citizens of this democracy to know what their government is doing. The issuance of this order will revise in a manner more in keeping with the American tradition of freedom of information existing requirements for the safeguarding of defense information.

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EXECUTIVE ORDER

#10501 -----

SAFEGUARDING OFFICIAL INFORMATION IN THE INTERESTS OF THE DEFENSE OF THE UNITED STATES

WHEREAS it is essential that the citizens of the United States be informed concerning the activities of their government; and

WHEREAS the interests of national defense require the preservation of the ability of the United States to protect and defend itself against all hostile or destructive action by covert or overt means, including espionage as well as military action; and

WHEREAS it is essential that certain official information affecting the national defense be protected uniformly against unauthorized disclosure:

NOW, THEREFORE, by virtue of the authority vested in me by the Constitution and statutes, and as President of the United States, and deeming such action necessary in the best interests of the national security, it is hereby ordered as follows:

Section 1. Classification Categories: Official information which requires protection in the interests of national defense shall be limited to three categories of classification, which in descending order of importance shall carry one of the following designations: Top Secret, Secret, or Confidential. No other designation shall be used to classify defense information, including military information, as requiring protection in the interests of national defense, except as expressly provided by statute. These categories are defined as follows:

(a) Top Secret: Except as may be expressly provided by statute, the use of the classification Top Secret shall be authorized, by appropriate authority, only for defense information or material which requires the highest degree of protection. The Top Secret classification shall be applied only to that information or material the defense aspect of which is paramount, and the unauthorized disclosure of which could result in exceptionally grave damage to the Nation such as leading to a definite break in diplomatic relations affecting the defense of the United States, an armed attack against the United States or its allies, a war, or the compromise of military or defense plans, or intelligence operations, or scientific or technological developments vital to the national defense.

(b) Secret: Except as may be expressly provided by statute, the use of the classification Secret shall be authorized, by appropriate authority, only for defense information or material the unauthorized disclosure of which could result in serious damage to the Nation, such as by jeopardizing the international relations of the United States, endangering the effectiveness of a program or policy of vital importance to the national defense, or compromising important military or defense plans, scientific or technological developments important to national defense, or information revealing important intelligence operations.

(c) Confidential: Except as may be expressly provided by statute, the use of the classification Confidential shall be authorized, by appropriate authority, only for defense information or material the unauthorized disclosure of which could be prejudicial to the defense interests of the nation.

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(OVER)

Section 2. Limitation of Authority to Classify: The authority to classify defense information or material under this order shall be limited in the departments and agencies of the executive branch as hereinafter specified. Departments and agencies subject to the specified limitations shall be designated by the President:

(a) In those departments and agencies having no direct responsibility for national defense there shall be no authority for original classification of information or material under this order.

(b) In those departments and agencies having partial but not primary responsibility for matters pertaining to national defense the authority for original classification of information or material under this order shall be exercised only by the head of the department or agency, without delegation.

(c) In those departments and agencies not affected by the provisions of subsection (a) and (b), above, the authority for original classification of information or material under this order shall be exercised only by responsible officers or employees, who shall be specifically designated for this purpose. Heads of such departments and agencies shall limit the delegation of authority to classify as severely as is consistent with the orderly and expeditious transaction of Government business.

Section 3. Classification: Persons designated to have authority for original classification of information or material which requires protection in the interests of national defense under this order shall be held responsible for its proper classification in accordance with the definitions of the three categories in section 1, hereof. Unnecessary classification and over-classification shall be scrupulously avoided. The following special rules shall be observed in classification of defense information or material:

(a) Documents in General: Documents shall be classified according to their own content and not necessarily according to their relationship to other documents. References to classified material which do not reveal classified defense information shall not be classified.

(b) Physically Connected Documents: The classification of a file or group of physically connected documents shall be at least as high as that of the most highly classified document therein. Documents separated from the file or group shall be handled in accordance with their individual defense classification.

(c) Multiple Classification: A document, product, or substance shall bear a classification at least as high as that of its highest classified component. The document, product, or substance shall bear only one over-all classification, notwithstanding that pages, paragraphs, sections, or components thereof bear different classifications.

(d) Transmittal Letters: A letter transmitting defense information shall be classified at least as high as its highest classified enclosure.

(e) Information Originated by a Foreign Government or Organization: Defense information of a classified nature furnished to the United States by a foreign government or international organization shall be assigned a classification which will assure a degree of protection equivalent to or greater than that required by the government or international organization which furnished the information.

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Section 4. Declassification, Downgrading, or Upgrading: Heads of departments or agencies originating classified material shall designate persons to be responsible for continuing review of such classified material for the purpose of declassifying or downgrading it whenever national defense considerations permit, and for receiving requests for such review from all sources. Formal procedures shall be established to provide specific means for prompt review of classified material and its declassification or downgrading in order to preserve the effectiveness and integrity of the classification system and to eliminate accumulation of classified material which no longer requires protection in the defense interest. The following special rules shall be observed with respect to changes of classification of defense material:

(a) Automatic Changes: To the fullest extent practicable, the classifying authority shall indicate on the material (except telegrams) at the time of original classification that after a specified event or date, or upon removal of classified enclosures, the material will be downgraded or declassified.

(b) Non-Automatic Changes: The persons designated to receive requests for review of classified material may downgrade or declassify such material when circumstances no longer warrant its retention in its original classification provided the consent of the appropriate classifying authority has been obtained. The downgrading or declassification of extracts from or paraphrases of classified documents shall also require the consent of the appropriate classifying authority unless the agency making such extracts knows positively that they warrant a classification lower than that of the document from which extracted, or that they are not classified.

(c) Material Officially Transferred: In the case of material transferred by or pursuant to statute or Executive order from one department or agency to another for the latter's use and as part of its official files or property, as distinguished from transfers merely for purposes of storage, the receiving department or agency shall be deemed to be the classifying authority for all purposes under this order, including declassification and downgrading.

(d) Material Not Officially Transferred: When any department or agency has in its possession any classified material which has become five years old, and it appears (1) that such material originated in an agency which has since become defunct and whose files and other property have not been officially transferred to another department or agency within the meaning of subsection (c), above, or (2) that it is impossible for the possessing department or agency to identify the originating agency, and (3) a review of the material indicates that it should be downgraded or declassified, the said possessing department or agency shall have power to declassify or downgrade such material. If it appears probable that another department or agency may have a substantial interest in whether the classification of any particular information should be maintained, the possessing department or agency shall not exercise the power conferred upon it by this subsection, except with the consent of the other department or agency, until thirty days after it has notified such other department or agency of the nature of the material and of its intention to declassify or downgrade the same. During such thirty-day period the other department or agency may, if it so desires, express its objections to declassifying or downgrading the particular material, but the power to make the ultimate decision shall reside in the possessing department or agency.

(e) Classified Telegrams: Such telegrams shall not be referred to, extracted from, paraphrased, downgraded, declassified, or disseminated, except in accordance with special regulations issued by the head of the originating department or agency. Classified telegrams transmitted over cryptographic systems shall be handled in accordance with the regulations of the transmitting department or agency.

(OVER)

(f) Downgrading: If the recipient of classified material believes that it has been classified too highly, he may make a request to the reviewing official who may downgrade or declassify the material after obtaining the consent of the appropriate classifying authority.

(g) Upgrading: If the recipient of unclassified material believes that it should be classified, or if the recipient of classified material believes that its classification is not sufficiently protective, it shall be safeguarded in accordance with the classification deemed appropriate and a request made to the reviewing official, who may classify the material or upgrade the classification after obtaining the consent of the appropriate classifying authority.

(h) Notification of Change in Classification: The reviewing official taking action to declassify, downgrade, or upgrade classified material shall notify all addressees to whom the material was originally transmitted.

Section 5. Marking of Classified Material: After a determination of the proper defense classification to be assigned has been made in accordance with the provisions of this order, the classified material shall be marked as follows:

(a) Bound Documents: The assigned defense classification on bound documents, such as books or pamphlets, the pages of which are permanently and securely fastened together, shall be conspicuously marked or stamped on the outside of the front cover, on the title page, on the first page, on the back page and on the outside of the back cover. In each case the markings shall be applied to the top and bottom of the page or cover.

(b) Unbound Documents: The assigned defense classification on unbound documents, such as letters, memoranda, reports, telegrams, and other similar documents, the pages of which are not permanently and securely fastened together, shall be conspicuously marked or stamped at the top and bottom of each page, in such manner that the marking will be clearly visible when the pages are clipped or stapled together.

(c) Charts, Maps, and Drawings: Classified charts, maps, and drawings shall carry the defense classification marking under the legend, title block, or scale in such manner that it will be reproduced on all copies made therefrom. Such classification shall also be marked at the top and bottom in each instance.

(d) Photographs, Films and Recordings: Classified photographs, films, and recordings, and their containers, shall be conspicuously and appropriately marked with the assigned defense classification.

(e) Products or Substances: The assigned defense classification shall be conspicuously marked on classified products or substances, if possible, and on their containers, if possible, or, if the article or container cannot be marked, written notification of such classification shall be furnished to recipients of such products or substances.

(f) Reproductions: All copies or reproductions of classified material shall be appropriately marked or stamped in the same manner as the original thereof.

(g) Unclassified Material: Normally, unclassified material shall not be marked or stamped Unclassified unless it is essential to convey to a recipient of such material that it has been examined specifically with a view to imposing a defense classification and has been determined not to require such classification.

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(h) Change or Removal of Classification: Whenever classified material is declassified, downgraded, or upgraded, the material shall be marked or stamped in a prominent place to reflect the change in classification, the authority for the action, the date of action, and the identity of the person or unit taking the action. In addition, the old classification marking shall be cancelled and the new classification (if any) substituted therefor. Automatic change in classification shall be indicated by the appropriate classifying authority through marking or stamping in a prominent place to reflect information specified in subsection 4 (a) hereof.

(i) Material Furnished Persons not in the Executive Branch of the Government: When classified material affecting the national defense is furnished authorized persons, in or out of Federal service, other than those in the executive branch, the following notation, in addition to the assigned classification marking, shall whenever practicable be placed on the material, on its container, or on the written notification of its assigned classification:

> "This material contains information affecting the national defense of the United States within the meaning of the espionage laws, Title 18, U.S.C., Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law."

Use of alternative marking concerning "Restricted Data" as defined by the Atomic Energy Act is authorized when appropriate.

Section 6. Custody and Safekeeping: The possession or use of classified defense information or material shall be limited to locations where facilities for secure storage or protection thereof are available by means of which unauthorized persons are prevented from gaining access thereto. Whenever such information or material is not under the personal supervision of its custodian, whether during or outside of working hours, the following physical or mechanical means shall be taken to protect it:

(a) Storage of Top Secret Material: Top Secret defense material shall be protected in storage by the most secure facilities possible. Normally it will be stored in a safe or a safe-type steel file container having a three-position, dial-type, combination lock, and being of such weight, size, construction, or installation as to minimize the possibility of surreptitious entry, physical theft, damage by fire, or tampering. The head of a department or agency may approve other storage facilities for this material which offer comparable or better protection, such as an alarmed area, a vault, a secure vault-type room, or an area under close surveillance of an armed guard.

(b) Secret and Confidential Material: These categories of defense material may be stored in a manner authorized for Top Secret material, or in metal file cabinets equipped with steel lockbar and an approved three combination dial-type padlock from which the manufacturer's identification numbers have been obliterated, or in comparably secure facilities approved by the head of the department or agency.

(c) Other Classified Material: Heads of departments and agencies shall prescribe such protective facilities as may be necessary in their departments or agencies for material originating under statutory provisions requiring protection of certain information.

(d) Changes of Lock Combinations: Combinations on locks of safekeeping equipment shall be changed, only by persons having appropriate security clearance, whenever such equipment is placed in use after procurement from the manufacturer or other sources, whenever a person knowing the combination is transferred from the office to which the equipment is assigned, or whenever the combination has been subjected to compromise, and at least once every year. Knowledge of combinations shall be limited to the minimum number of persons necessary for operating purposes. Records of combinations shall be classified no lower than the highest category of classified defense material authorized for storage in the safekeeping equipment concerned.

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(e) Custodian's Responsibilities: Custodians of classified defense material shall be responsible for providing the best possible protection and accountability for such material at all times and particularly for securely locking classified material in approved safekeeping equipment whenever it is not in use or under direct supervision of authorized employees. Custodians shall follow procedures which insure that unauthorized persons do not gain access to classified defense information or material by sight or sound, and classified information shall not be discussed with or in the presence of unauthorized persons.

(f) Telephone Conversations: Defense information classified in the three categories under the provisions of this order shall not be revealed in telephone conversations, except as may be authorized under section 8 hereof with respect to the transmission of Secret and Confidential material over certain military communications circuits.

(g) Loss or Subjection to Compromise: Any person in the executive branch who has knowledge of the loss or possible subjection to compromise of classified defense information shall promptly report the circumstances to a designated official of his agency, and the latter shall take appropriate action forthwith, including advice to the originating department or agency.

Section 7. Accountability and Dissemination: Knowledge or possession of classified defense information shall be permitted only to persons whose official duties require such access in the interest of promoting national defense and only if they have been determined to be trustworthy. Proper control of dissemination of classified defense information shall be maintained at all times, including good accountability records of classified defense information documents, and severe limitation on the number of such documents originated as well as the number of copies thereof reproduced. The number of copies of classified defense information documents shall be kept to a minimum to decrease the risk of compromise of the information contained in such documents and the financial burden on the Government in protecting such documents. The following special rules shall be observed in connection with accountability for and dissemination of defense information or material:

(a) Accountability Procedures: Heads of departments and agencies shall prescribe such accountability procedures as are necessary to control effectively the dissemination of classified defense information, with particularly severe control on material classified Top Secret under this order. Top Secret Control Officers shall be designated, as required, to receive, maintain accountability registers of, and dispatch Top Secret material.

(b) Dissemination Outside the Executive Branch: Classified defense information shall not be disseminated outside the executive branch except under conditions and through channels authorized by the head of the disseminating department or agency, even though the person or agency to which dissemination of such information is proposed to be made may have been solely or partly responsible for its production.

(c) Information Originating in Another Department or Agency: Except as otherwise provided by section 102 of the National Security Act of July 26, 1947, c. 343, 61 Stat. 498, as amended, 50 U.S.C. sec. 403, classified defense information originating in another department or agency shall not be disseminated outside the receiving department or agency without the consent of the originating department or agency. Documents and material containing defense information which are classified Top Secret or Secret shall not be reproduced without the consent of the originating department or agency.

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Section 8. Transmission: For transmission outside of a department or agency, classified ~~defense~~ material of the three categories originated under the provisions of this order shall be prepared and transmitted as follows:

(a) Preparation for Transmission: Such material shall be enclosed in opaque inner and outer covers. The inner cover shall be a sealed wrapper or envelope plainly marked with the assigned classification and address. The outer cover shall be sealed and addressed with no indication of the classification of its contents. A receipt form shall be attached to or enclosed in the inner cover, except that Confidential material shall require a receipt only if the sender deems it necessary. The receipt form shall identify the addressor, addressee, and the document, but shall contain no classified information. It shall be signed by the proper recipient and returned to the sender.

(b) Transmitting Top Secret Material: The transmission of Top Secret material shall be effected preferably by direct contact of officials concerned, or, alternatively, by specifically designated personnel, by State Department diplomatic pouch, by a messenger-courier system especially created for that purpose, or by electric means in encrypted form; or in the case of information transmitted by the Federal Bureau of Investigation, such means of transmission may be used as are currently approved by the Director, Federal Bureau of Investigation, unless express reservation to the contrary is made in exceptional cases by the originating agency.

(c) Transmitting Secret Material: Secret material shall be transmitted within the continental United States by one of the means established for Top Secret material, by an authorized courier, by United States registered mail, or by protected commercial express, air or surface. Secret material may be transmitted outside the continental limits of the United States by one of the means established for Top Secret material, by commanders or masters of vessels of United States registry, or by United States Post Office registered mail through Army, Navy, or Air Force postal facilities, provided that the material does not at any time pass out of United States Government control and does not pass through a foreign postal system. Secret material may, however, be transmitted between United States Government and/or Canadian Government installations in continental United States, Canada, and Alaska by United States and Canadian registered mail with registered mail receipt. In an emergency, Secret material may also be transmitted over military communications circuits in accordance with regulations promulgated for such purpose by the Secretary of Defense.

(d) Transmitting Confidential Material: Confidential defense material shall be transmitted within the United States by one of the means established for higher classifications, by registered mail, or by express or freight under such specific conditions as may be prescribed by the head of the department or agency concerned. Outside the continental United States, Confidential defense material shall be transmitted in the same manner as authorized for higher classifications.

(e) Within an Agency: Preparation of classified defense material for transmission, and transmission of it, within a department or agency shall be governed by regulations, issued by the head of the department or agency, insuring a degree of security equivalent to that outlined above for transmission outside a department or agency.

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Section 9. Disposal and Destruction: Documentary record material made or received by a department or agency in connection with transaction of public business and preserved as evidence of the organization, functions, policies, operations, decisions, procedures or other activities of any department or agency of the Government, or because of the informational value of the data contained therein, may be destroyed only in accordance with the act of July 7, 1943, c. 192, 57 Stat. 380, as amended, 44 U.S.C. 366-380. Non-record classified material, consisting of extra copies and duplicates including shorthand notes, preliminary drafts, used carbon paper, and other material of similar temporary nature, may be destroyed, under procedures established by the head of the department or agency which meet the following requirements, as soon as it has served its purpose:

(a) Methods of Destruction: Classified defense material shall be destroyed by burning in the presence of an appropriate official or by other methods authorized by the head of an agency provided the resulting destruction is equally complete.

(b) Records of Destruction: Appropriate accountability records maintained in the department or agency shall reflect the destruction of classified defense material.

Section 10. Orientation and Inspection: To promote the basic purposes of this order, heads of those departments and agencies originating or handling classified defense information shall designate experienced persons to coordinate and supervise the activities applicable to their departments or agencies under this order. Persons so designated shall maintain active training and orientation programs for employees concerned with classified defense information to impress each such employee with his individual responsibility for exercising vigilance and care in complying with the provisions of this order. Such persons shall be authorized on behalf of the heads of the departments and agencies to establish adequate and active inspection programs to the end that the provisions of this order are administered effectively.

Section 11. Interpretation of Regulations by the Attorney General: The Attorney General, upon request of the head of a department or agency or his duly designated representative, shall personally or through authorized representatives of the Department of Justice render an interpretation of these regulations in connection with any problems arising out of their administration.

Section 12. Statutory Requirements: Nothing in this order shall be construed to authorize the dissemination, handling or transmission of classified information contrary to the provisions of any statute.

Section 13. "Restricted Data" as Defined in the Atomic Energy Act: Nothing in this order shall supersede any requirements made by or under the Atomic Energy Act of August 1, 1946, as amended. "Restricted Data" as defined by the said act shall be handled, protected, classified, downgraded, and declassified in conformity with the provisions of the Atomic Energy Act of 1946, as amended, and the regulations of the Atomic Energy Commission.

Section 14. Combat Operations: The provisions of this order with regard to dissemination, transmission, or safekeeping of classified defense information or material may be so modified in connection with combat or combat-related operations as the Secretary of Defense may by regulations prescribe.

Section 15. Exceptional Cases: When, in an exceptional case, a person or agency not authorized to classify defense information originates information which is believed to require classification, such person or agency shall protect that information in the manner prescribed by this order for that category of classified defense information into which it is believed to fall, and shall transmit the information forthwith, under appropriate safeguards, to the department, agency, or person having both the authority to classify information and a direct official interest in the information (preferably, that department, agency, or person to which the information would be transmitted in the ordinary course of business), with a request that such department, agency, or person classify the information.

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Section 16. Review to Insure That Information is Not Improperly Withheld Hereunder: The President shall designate a member of his staff who shall receive, consider, and take action upon, suggestions or complaints from non-Governmental sources relating to the operation of this order.

Section 17. Review to Insure Safeguarding of Classified Defense Information: The National Security Council shall conduct a continuing review of the implementation of this order to insure that classified defense information is properly safeguarded, in conformity herewith.

Section 18. Review Within Departments and Agencies: The head of each department and agency shall designate a member or members of his staff who shall conduct a continuing review of the implementation of this order within the department or agency concerned to insure that no information is withheld hereunder which the people of the United States have a right to know, and to insure that classified defense information is properly safeguarded in conformity herewith.

Section 19. Revocation of Executive Order No. 10290: Executive Order No. 10290 of September 24, 1951 is revoked as of the effective date of this order.

Section 20. Effective Date: This order shall become effective on December 15, 1953.

DWIGHT D. EISENHOWER

THE WHITE HOUSE,

November 5, 1953.

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(OVER)

Memorandum for the Heads of All Departments and Agencies of the Government

The following departments and agencies of the executive branch and their constituent agencies shall be subject to the limitations specified in section 2 of the Executive order entitled "Safeguarding Official Information in the Interests of the Defense of the United States":

A. Original Classification Authority Eliminated:

1. American Battle Monuments Commission
2. Arlington Memorial Amphitheater Commission
3. Commission of Fine Arts
4. Committee on Purchases of Blind-Made Products
5. Committee for Reciprocity Information
6. Commodity Exchange Commission
7. Export-Import Bank of Washington
8. Federal Deposit Insurance Corporation
9. Federal Mediation and Conciliation Service
10. Federal Reserve System
11. Federal Trade Commission
12. Housing and Home Finance Agency
13. Indian Claims Commission
14. Interstate Commerce Commission
15. Missouri Basin Survey Commission
16. National Capital Housing Authority
17. National Capital Park and Planning Commission
18. National Forest Reservation Commission
19. National Labor Relations Board
20. National Mediation Board
21. Railroad Retirement Board
22. Securities and Exchange Commission
23. Selective Service System
24. Smithsonian Institution
25. United States Tariff Commission
26. Veterans Administration
27. Veterans Education Appeals Board
28. War Claims Commission

B. Original Classification Authority Limited to Head of Agency:

1. Civil Aeronautics Board
2. Defense Transport Administration
3. Department of Agriculture
4. Department of Health, Education and Welfare
5. Department of the Interior
6. Department of Labor
7. Federal Communications Commission
8. Federal Power Commission
9. National Science Foundation
10. National Security Training Commission
11. Panama Canal Company
12. Post Office Department
13. Reconstruction Finance Corporation
14. Renegotiation Board
15. Small Business Administration
16. Subversive Activities Control Board
17. Tennessee Valley Authority

C. Heads of departments and agencies not named herein shall limit the exercise of classification authority in accordance with section 2(c) of the order.

DWIGHT D. EISENHOWER

THE WHITE HOUSE,

November 5, 1953.

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Annex C

To CP - 58-58/2

Summary of Views of Interested Departments and Agencies

Department or Agency	
Department of Defense	Strongly opposes. "....the term 'in the national interest' as a basis for granting access to classified defense information would lend itself to such broad interpretation that our security programs would be seriously jeopardized ....[Also] a precedent which would permit transfer of classified information outside the Executive Branch .... is contrary to effective security practices."
Treasury Department	Opposes.
Office of Defense Mobilization	Suggests a case-by-case approach.
Governor of the Canal Zone	"Not the time to vitiate security restrictions."
Post Office Department	"In the national interest" open to different interpretations and will open door to purposes not connected with defense.
Department of Labor	Thinks suggested change inconsistent with Section 1 of order, which requires classification in the interest of national defense.
General Services Administration	Opposes access by private researchers unless on Government projects.
International Cooperation Administration	Feels proposal too broad, but would agree to academic research to facilitate eventual dissemination of material.
Department of Commerce	Does not object but assumes access for an official purpose.
Civil Defense Administration	Concurs in proposal.
United States Information Agency	Thinks amendment worth-while.
Federal Power Commission	Recommends adoption.
Department of Agriculture	See potential advantage in amendment.
National Advisory Committee for Aeronautics	Endorses the proposal.
Atomic Energy Commission	Considers amendment advisable in view of narrow construction of "national defense" in Cole v. Young (351 U.S. 541).

CP - 59-58/3

June 29, 1959

The White House

Washington

THE CABINET

Eisenhower Library The United

Removal of Papers by Retiring Department and Agency Heads

For consideration by the Cabinet, attached is a further revision of the earlier papers on this subject. The latest revisions have been made with the assistance of the Departments of Justice and Defense and of the General Services Administration. Revisions include those made as a result of the approval of Executive Order 10816 of May 7, 1959.

The contents of this paper have been approved in part (RA - 57-65, Item 2) but the entire document has not yet received final action.

The paper is preceded by a Brief.

Cabinet Papers 56-58, 58-58/1 and 58-58/2 are superseded.

Robert Gray
Secretary to the Cabinet

CABINET PAPER—PRIVILEGED CP - 59-58/3
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June 29, 1959

The White House

Washington

THE CABINET

Removal of Papers by Retiring Department and Agency Heads

Brief

Problem

To set forth a consistent policy and a set of recommendations which will govern the removal of papers by retiring Department and Agency Heads.

Discussion

Documents which are truly personal and private belong to the respective agency heads, and can be removed. The removal of public documents is limited by statute, with certain discretion allowed. Many papers, however, will be found to be a mixture of private and public matters. Case by case decisions will then be required on the part of each agency head to determine whether a given paper is preponderantly personal or public. The advice and assistance of departmental and agency records officers, as well as the staff of the National Archives and Records Service, GSA, are available in making determinations of this nature.

Statutory limitations:

(a) Material classified pursuant to E. O. 10501 --

There is no provision for removal of classified material by a retiring officer, and two separate criminal statutes probably apply to any such removals; however, limited arrangements for the acquisition and retention of extra copies of classified material by persons outside the Government, including retiring officials, are allowed under the amendment added to E. O. No. 10501 by paragraph 2 of E. O. No. 10816 (See Section 3 of the attached Cabinet Paper).

(b) "Records" --

Material which falls under the statutory definition of "Records" may be disposed of only through the procedures specified in the Records Disposal Act (involving submitting of lists and schedules to the Administrator of GSA and their being resubmitted by him to the Congress for Joint Committee examination).

(c) Confidential information within the meaning of several specific statutes (e.g. involving codes, cryptographic systems, communications intelligence, income tax returns, bank examining, and certain Social Security and confidential statistical information) --

The unauthorized removal of papers falling under any of these special statutes is subject to criminal penalties.

Area of Discretion:

(a) The determination as to what are "Records".

The statutory definition of "Records" is given on page 2 of the attached paper. The legislative history of the Records Disposal Act makes it clear that the determination of what are "Records" is a matter of limited agency head discretion. The disposal of papers judged not to be "Records", and which do not fall under the additonal limitations of "a" and "c" above, is subject to "regulations" which "the head of each department is authorized to prescribe..."

(b) The determination as to "access" to classified information.

The amendment added to E. O. No. 10501 by paragraph 2 of E. O. No. 10816 authorizes agency heads to grant access to classfied information to persons outside the Government, (including retiring officials), engaged in historical research (See Section 3 of the attached Cabinet Paper).

In making the above determinations, agency heads are referred to Section 2 of the attached paper.

(c) Use of Presidential Archival Depositories for the Control and Disposition of Personal Papers.

Although the control and ultimate disposition of personal papers removed by agency heads rests with the individual concerned, the Federal Records Act of 1950, as amended, affords in the National Archives system, with its Presidential archival depositories, excellent facilities for the preservation and eventual research use of such materials.

Recommendations (As guides to department and agency heads and officials of similar status):

(a) No material, even though judged not to be "Records," should be withdrawn if its withdrawal will create such a gap in the files of the agency as to disrupt the proper documentation of its activities as provided for in section 506 of the Federal Records Act. Since such work-aids as office diaries, logs, memoranda of conferences and telephone calls are usually reflected in actual agency records, such work-aids ordinarily can be removed.

(b) If any documents are judged not to be "Records" but to be preponderantly personal and are to be removed, the agency head should make a record of anything contained therein relating to matters involving the official business of the agency.

(c) Personal diaries should be considered as not "Records" but private property, providing they contain no government documents which should not be removed under the other limitations specified in this paper.

(d) Extra carbons or non-record copies of "Records" may be removed, providing:

- (i) there are no legal or policy reasons for keeping the information therein confidential;
- (ii) if they were produced by a second agency, that agency does not wish them kept confidential;
- (iii) that the record copies, and sufficient non-record copies for the convenient transaction of business still exist in the interested agencies.

(e) Material classified under Executive Order 10501 and Restricted Data under the Atomic Energy Act of 1954, no matter what its form, should not be removed from the custody, control, or possession of any Department, agency, or person charged with its protection, and title to such material may not be transferred from the United States. However, Executive Order 10816 provides limited authority for the collection of extra copies of classified materials by private individuals, including retiring officials, for historical research purposes. Use of this authority is subject to the qualifications in the Executive Order and to the interpretation specified in Section 3 of the attached Cabinet Paper.

(f) Department and agency heads should, using this paper as a guide, consider the advisability of publishing a policy for removals by subordinate bureaus and offices in order to bring about consistent practice.

(g) Rather than make decisions in haste, retiring department and agency heads should consider having representatives of the National Archives examine and give advice on all material which is planned for removal.

(h) All agency heads should consider initiating a continuing system for segregating personal and withdrawable material from "Records", at the time of origination.

(i) Retiring department and agency heads planning to remove papers should consider making use of the system of Presidential archival depositories (including the right of restriction on access) established by Section 507 of the Federal Records Act as amended.

CABINET PAPER—PRIVILEGED
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CP - 59-58/3
June 29, 1959

The White House

Washington

THE CABINET

Removal of Papers by Retiring Department and Agency Heads

The determination of what documents retiring department heads or other officers appointed by the President may remove and take with them when they leave office is complicated by the problem of ascertaining whether the documents in question are public or private in nature. Documents which are truly personal or private belong to them and may be removed. The removal of public documents is limited by statute. However, department heads and officers of similar status frequently maintain wide contacts in business, politics and other aspects of national life and undertake activities not directly related to the functions of their offices. Their correspondence often has a mixed character. Because of this, it may be difficult to determine whether correspondence or other documents containing personal material, but bearing upon the conduct of public business, must be regarded as public documents. The advise and assistance of departmental and agency records officers as well as of staff members of the National Archives and Records Service, GSA, are available in making determinations of this nature.

While all the possible situations cannot be anticipated, it would be helpful to set forth the types of material which, as a matter of law must be retained by the Government, the area in which discretion to remove exists and how the law indicates that discretion should be exercised. The applicable criminal law will also be referred to where relevant. In the light of that discussion a number of specific recommendations will be made.

1. Documents which may not be removed.

(a) Classified information and Restricted Data under the Atomic Energy Act.

Executive Order 10501 of November 5, 1953 (18 F.R. 7049), as amended, contains special provisions for the safeguarding of "official information which requires protection in the interests of national defense." Only "official information" may be classified under the order, and the fact that material containing such information has been so classified indicates that it has been determined not to be private in nature. In addition, the order, as amended, contains elaborate provisions relating to access, custody, safekeeping, dissemination, accountability and disposition which indicate that it intends that, while such material remains classified, none of the Government's property rights relating to it be transferred to others, including to retiring department or agency heads. Dissemination of classified information to a former officer, even though he "may have been solely or partly responsible for its production", can be made only under conditions and through channels authorized by the head of the disseminating department or agency.

The system established by the Executive order makes no provision for the removal by a department head or other individual of any material which comes under it (as distinguished from the acquisition and retention of extra copies thereof for historical research; see Section 3 below.) Material classified under the order may be disposed of only by burning or equally destructive methods or in accordance with procedures established by the Records Disposal Act (44 U.S.C. 366, et seq.). which does not provide for removal by a retiring officer. The fact that a document has been classified under the order would provide an argument of some force that a removal was "willful and unlawful" within the meaning of 18 U.S.C. 2071 which provides criminal penalties for the willful and unlawful removal of records, papers, documents "or other thing" deposited with any public office or officer. The statute covers unlawful removal by, among others, those "having the custody." Further, 18 U.S.C. 793 makes criminal the willful retention of, among other things, any "document, writing, *** or note relating to the national defense" and the failure to deliver it to the officer or employee of the United States entitled to receive it. This section also appears applicable to documents classified under the Executive order.

Similar conclusions follow from the special restrictions imposed on access to Restricted Data, as that term is defined in the Atomic Energy Act of 1954 (42 U.S.C. 2161-2166), and the criminal penalties imposed for the violation of this act, specifically those dealing with communication, receipt, tampering, or disclosure of Restricted Data (42 U.S.C. 2273-2277), make it clear that removal of such material by a retiring officer is prohibited.

"In addition, special provisions have been made in 18 U.S.C. 798 for the safeguarding of classified information relating to codes, ciphers, cryptographic systems and similar devices used in connection with communications intelligence."

(b) "Records." The Records Disposal Act provides specific procedures for the disposal of "records" as that term is defined therein. The definition is set forth below. The act provides that records may be disposed of only through a procedure involving the submission by each agency head to the Administrator of the General Services Administration of lists of records which do not have sufficient "value to warrant their further preservation," and of schedules proposing the disposal after the lapse of a specified period of time of records of a specific character that have accumulated or may accumulate in the agency. The Administrator must then submit the lists and schedules to the Congress to be examined by a Joint Committee. Disposal is permitted only if the Committee so recommends or fails to make a recommendation within a period of time fixed in the act. These procedures "are exclusive and no records of the United States Government shall be alienated except in accordance" with the provisions of the act. Accordingly, if material is in fact "records" it may not be removed and removal might constitute a criminal violation under 18 U.S.C. 2071. However, as indicated below, limited discretion is conferred on agency heads to determine whether material is "records."

(c) Confidential information. There are numerous statutes which guarantee the confidential nature of certain information supplied to the United States or its officers and make it a crime to disclose such information. Without listing them all, they include income tax returns (I.R.C. 6103 (a)); information in possession of the Social Security Board (42 U.S.C. 1306); confidential statistical information (18 U.S.C. 1905); information obtained by bank examiners (18 U.S.C. 1906); and Farm Credit

Examiners (18 U.S.C. 1907). It is difficult to see how material containing information covered by statutes can be considered as anything other than official documents the removal of which would be improper.

2. Documents as to which discretionary authority for removal exists. Government owned documentary material which does not fall within the definition of records may be disposed of under R.S. § 161 (5 U.S.C. 22) which provides in part:

> "The head of each department is authorized to prescribe regulations, not inconsistent with law, for *** the custody, use, and preservation of the records, papers, and property appertaining to it."

This statute, apparently enacted under the authority of the Congress to make rules and regulations respecting the "Property of the United States" (Constitution, Art. I. Sec. 3, Cl. 2), seems to confer adequate authority upon department heads to dispose of records and papers appertaining to a department so long as such disposition is "not inconsistent with law," e.g., the Records Disposal Act, Executive Order 10501 or limitations relating to confidential information. Accordingly, if material does not fall within the definition of "records," contained in the Records Disposal Act, as, for example, extra carbons or photostats of memoranda, and is not classified or confidential removal may be authorized under R.S. § 161. Although the statute covers only the nine executive departments enumerated in 5 U.S.C. 1, the courts have tended to read parallel powers into the statutes governing the independent agencies.

The definition of "records" contained in the Records Disposal Act (44 U.S.C. 366) includes:

> "all books, papers, maps, photographs, or other documentary materials, regardless of physical form or characteristics, made or received by any agency of the United States Government in pursuance of Federal law or in connection with the transaction of public business and preserved or appropriate for preservation by that agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the Government or because of the informational value of data contained therein. Library and museum material made or acquired and preserved solely for reference or exhibition purposes, extra copies of documents preserved only for convenience of reference, and stocks of publications and of processed documents are not included within the definition of the word 'records' as used in this Act."

Extra carbon copies and photostats are not records under this definition. Further, the definition confers some discretion on agency heads to determine whether material comes under it, and the legislative history of the act indicates that some discretion was in fact intended. The definition requires that two conditions must be met. First, it must be "made or received by any agency of the United States Government in pursuance of Federal law or in connection with the transaction of public business." Second, it must either be "preserved or appropriate for preservation by that agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the Government or because of the informational value of data contained therein." Obviously cases may exist in which it is difficult to determine whether any particular document should be treated as a "record" in the light of these requirements. Special difficulty may exist with respect to the correspondence of an officer which he may tend to regard as private or personal but which also has some relation to public business. While it may be easy to determine that such correspondence should be preserved, it is sometimes difficult to conclude it has been "made or received by any agency of the United States Government in pursuance of Federal law or in connection with the transaction of public business."

Guidance as to the manner in which discretion is intended to be exercised is supplied by the emphasis placed in the Federal Records Act (44 U.S.C. 392, *et. seq.*) upon the making and preservation of records for the purpose of documenting policies, decisions and essential transactions of agencies and in order to protect the legal and financial rights of both the Government and persons affected by agency activities. Material necessary for such purposes is to be treated as "records" and not be removed.

The diaries or private accounts of the public activities of high officials may ordinarily be regarded as private property. R.S. § 161 is limited in its application to papers "appertaining to" a department, and it would be justifiable to conclude that a diary or private account does not so "appertain" within the meaning of the section. The definition of the term "records" does not require their inclusion under it. While conceivably the discretionary power conferred by the definition could be extended to cover them, there appears to be no reason why this should be done. Such diaries or accounts are of historical importance and ordinarily ultimately become part of the body of history available to scholars. Since they deal with matters which are usually elsewhere covered by adequate "records," officials have the choice of preparing such diaries or accounts or failing to do so. Because they often contain highly personal material, such as appraisals of associates and political speculation, any attempt to treat them as public property would probably result in their not being produced at all.

The authority of retiring department or agency heads to remove material necessary for the preparation of such private accounts after they have left office is governed by the general principles contained in this paper. The discretion conferred upon department and agency heads with respect to the classification of materials as records must place primary emphasis upon the importance of maintaining in the hands of the Government documentation of Government activity. However, if this purpose is effectuated, leeway remains for the treatment of papers as either private or as non-record and, therefore, subject to being removed under R.S. § 161 if otherwise proper.

3. *Discretionary authority to grant access to classified material for historical research.* Material classified under Executive Order No. 10501 and restricted data under the Atomic Energy Act of 1954, no matter what its form, shall not be removed from the custody, control or possession of any department, agency, or person charged with its protection, and title to such material shall not be transferred from the United States. It should be noted, however, that a new subparagraph, entitled "*Historical Research*", was added to section 15 of Executive Order No. 10501 by paragraph 2 of Executive Order No. 10816 of May 7, 1959. That new subparagraph provides limited authority for the collection of extra copies of classified materials by private individuals, including retiring officials, for historical research purposes. It authorizes each agency head to permit persons outside the Executive branch who are performing functions in connection with historical research projects to

have access to classified defense information originated within his agency if he determines that that access would be clearly consistent with the interest of the national defense and that the persons to be granted that access are trustworthy; however, the agency head involved is charged with the responsibility for taking appropriate steps to assure that the classified information involved is not published or otherwise compromised. The new subparagraph does not permit the removal of classified records from the possession of the Government, but the agency head concerned may, in his discretion, permit persons granted access to classified information under the new subparagraph to acquire or reproduce, and retain in their custody, extra copies of those classified records if those persons arrange for the proper safeguarding thereof. The agency head involved shall assure that title to the copies will remain in the United States until such time as the information contained therein has been officially declassified under the provisions of Executive Order No. 10501 and until the agency head otherwise determines that the interests of the United States permit the transfer of title to the copies to nongovernmental custodians.

4. Use of Presidential Archival Depositories for the Control and Disposition of Personal Papers. The protection, control, and ultimate dispostion of personal papers removed by retiring cabinet and agency heads is a responsibility of the individual concerned. The historical importance of such materials, however, suggests that care be exercised to prevent their loss or dispersal. Although some of the papers may contain information of a sensitive or private nature, the use of which will be restricted for a time, the collection as a whole ought, in due course, to be made available for research use.

Section 507 of the Federal Records Act (44 U. S. C. 397) establishes a system of Presidential archival depositories. Under this section the Administrator of General Services Administration may accept for deposit in either the National Archives or in such depositories Presidential papers, papers and other historical materials of officials or former officials and other papers "relating to and contemporary with any President or former President of the United States." The section specifically provides that deposits may be made "subject to such restrictions respecting their availability and use as may be specified in writing by the donors or depositors, . . . and such restrictions shall be respected for so long a period as shall have been specified, or until they are revoked or terminated by the donors or depositors or by persons legally qualified to act on their behalf . . . ." This statutory right to place restrictions on availability and use might operate effectively against either a judicial or legislative subpoena. Privately owned papers not so deposited would probably be subject to subpoena.

The National Archives system in addition to affording physical security to materials deposited therein, provides for their administration by a trained professional staff.

5. RECOMMENDATIONS. Specific recommendations cannot cover the whole variety of situations which may arise. However, they should provide a guide to the solution of many problems and point to the general approach to others. The recommendations relate only to department and agency heads and officials of similar status.

(a) No material should be withdrawn if its withdrawal will create such a gap in the files of the agency as to disrupt the proper documentation of its activities as provided for in section 506 of the Federal Records Act. Ordinarily, it would not be an abuse of discretion to withdraw personal work aids such as office diaries, logs, memoranda of conferences and telephone calls. Adequate agency records of the material referred to usually exist and withdrawal will, therefore, not cause such disruption.

(b) It is almost impossible to make a rule with respect to correspondence addressed directly to an agency or department head. Much of it relates only to department business, fully meets the definition of records contained in the Records Disposal Act, and must be treated as official records. However, much of it can be treated as personal or private and deals with either the public activities of the individual not related to his department or agency or with his purely personal activities. To the extent that material clearly falls within this category there can be no objection to the removal. However, there is undoubtedly a large body of correspondence which contains material of both types. Here, a delicate judgment as to whether it is preponderantly agency material or personal in nature must be made in each case. In the event that it is determined to be essentially personal and that it is to be removed, a record should be made of anything contained therein relating to matters involving the official business of the agency.

(c) Personal diaries should be regarded as private property. To the extent that they deal with matters of public importance of the affairs of a department or agency they ordinarily merely repeat or supplement with personal detail matters as to which records adequate to meet the statutory standards exist. To regard them as records would probably prevent their being kept at all. However, there are in existence "diaries" which, as well as containing the personal notations normally expected, are also in fact collections of Government documents. The propriety of removing such "diaries" depends upon the propriety of private possession of the documents.

(d) Whether or not a departing officer may take extra carbons or other non-record copies of records should depend largely upon whether there is any policy or legal reason why the information contained in them should be regarded as confidential. If they should be so regarded, the responsibility of keeping them confidential should be vested in the Government, not in former officers. In some cases the documents were produced in another agency. It would be appropriate to obtain the views of that agency as to the confidential status of documents before removing them. In some cases regulations may so require. Assuming there are no reasons to keep the information contained in the documents confidential and that record copies exist in the interested agencies, together with such extra non-record copies necessary for the convenient transaction of business, there should be no objection to the removal of copies.

(e) Retiring agency heads contemplating the establishment of collections of their papers, should, to the extent that those papers involve classified material be guided by section 3 of this paper.

(f) It would be appropriate for department and agency heads to publish a policy for their agencies and departments relating to what documents and material officers and employees may obtain and keep for their personal use and what must remain in the official files. While the same policies might not necessarily apply to all levels of officers and employees, it would articulate the problems and establish a practice which could at least be used as a standard.

(g) It would be appropriate for responsible employees of the agency or department, and possibly representatives of the National Archives, to examine all material intended to be removed by a retiring

agency head in order to make sure that adequate agency records exist as to any official matters referred to in the material and that no material containing security or confidential information is removed. It is understood that in a number of cases the decision has been hurriedly made by a personal assistant or secretary in the last days or hours before resignation, with the result that proper consideration has not been given to all factors involved.

(h) It would be appropriate for all agency heads to follow a system whereby personal material and records could be segregated as they are created or received, and kept separate at all times.

(i) Presidential archival depositories provide an attractive means for centralizing private collections of materials dealing with specific Presidential administrations. In addition to affording physical security to materials deposited therein, they also provide for their proper administration and servicing for research use by a trained professional staff as a part of the archival system of the United States. Serious thought should be given by retiring or retired officials possessing such collections to the advantages of arranging for their deposit, under appropriate restrictions, in a Presidential archival depository.

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CABINET PAPER—PRIVILEGED

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CP - 59-58/4

July 27, 1959

The White House

Washington

THE CABINET

Removal of Papers by Retiring Department and Agency Heads

The attached approved paper is circulated for the information and guidance of agency heads, and for their action now with respect to Recommendations (f), (h), and (i). For convenience, the paper is preceded by a Brief.

This paper was approved by the President at the Cabinet meeting of July 17, 1959 (RA - 59-136, Item 1). A new Recommendation (i) has been added in conformance with the President's suggestion.

The President has also directed that if any classified documents of the National Security Council are being considered for removal by retiring agency heads under Sections 3 or 4 (Recommendations (e) or (j)) of this paper, or for access by persons outside the Executive Branch for purposes of historical research under Paragraph 2 of Executive Order 10816, authorization for removal shall be obtained from the Executive Secretary of the National Security Council with respect to each such classified NSC document.

The President has further directed that if any classified or "privileged" Cabinet papers are being considered for removal under any of the sections of this paper, authorization for removal shall be obtained from the Secretary to the Cabinet with respect to each such Cabinet paper.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

CP - 59-58/4

July 27, 1959

The White House

Washington

THE CABINET

Removal of Papers by Retiring Department and Agency Heads

Brief

Problem

To set forth a consistent policy and a set of recommendations which will govern the removal of papers by retiring Department and Agency Heads.

Discussion

Documents which are truly personal and private belong to the respective agency heads, and can be removed. The removal of public documents is limited by statute, with certain discretion allowed. Many papers, however, will be found to be a mixture of private and public matters. Case by case decisions will then be required on the part of each agency head to determine whether a given paper is preponderantly personal or public. The advice and assistance of departmental and agency records officers, as well as the staff of the National Archives and Records Service, GSA, are available in making determinations of this nature.

Statutory limitations:

(a) Material classified pursuant to E. O. 10501 --

There is no provision for removal of classified material by a retiring officer, and two separate criminal statutes probably apply to any such removals; however, limited arrangements for the acquisition and retention of extra copies of classified material by persons outside the Government, including retiring officials, are allowed under the amendment added to E. O. No. 10501 by paragraph 2 of E. O. No. 10816 (See Section 3 of the attached Cabinet Paper).

(b) "Records" --

Material which falls under the statutory definition of "Records" may be disposed of only through the procedures specified in the Records Disposal Act (involving submitting of lists and schedules to the Administrator of GSA and their being resubmitted by him to the Congress for Joint Committee examination).

(c) Confidential information within the meaning of several specific statutes (e.g. involving codes, cryptographic systems, communications intelligence, income tax returns, bank examining, and certain Social Security and confidential statistical information) --

The unauthorized removal of papers falling under any of these special statutes is subject to criminal penalties.

Area of Discretion:

(a) The determination as to what are "Records".

The statutory definition of "Records" is given on page 2 of the attached paper. The legislative history of the Records Disposal Act makes it clear that the determination of what are "Records" is a matter of limited agency head discretion. The disposal of papers judged not to be "Records", and which do not fall under the additonal limitations of "a" and "c" above, is subject to "regulations" which "the head of each department is authorized to prescribe..."

(b) The determination as to "access" to classified information.

The amendment added to E. O. No. 10501 by paragraph 2 of E. O. No. 10816 authorizes agency heads to grant access to classfied information to persons outside the Government, (including retiring officials), engaged in historical research (See Section 3 of the attached Cabinet Paper).

In making the above determinations, agency heads are referred to Section 2 of the attached paper.

(c) Use of Presidential Archival Depositories for the Control and Disposition of Personal Papers.

Although the control and ultimate disposition of personal papers removed by agency heads rests with the individual concerned, the Federal Records Act of 1950, as amended, affords in the National Archives system, with its Presidential archival depositories, excellent facilities for the preservation and eventual research use of such materials.

Recommendations (As guides to department and agency heads and officials of similar status):

(a) No material, even though judged not to be "Records," should be withdrawn if its withdrawal will create such a gap in the files of the agency as to disrupt the proper documentation of its activities as provided for in section 506 of the Federal Records Act. Since such work-aids as office diaries, logs, memoranda of conferences and telephone calls are usually reflected in actual agency records, such work-aids ordinarily can be removed.

(b) If any documents are judged not to be "Records" but to be preponderantly personal and are to be removed, the agency head should make a record of anything contained therein relating to matters involving the official business of the agency.

(c) Personal diaries should be considered as not "Records" but private property, providing they contain no government documents which should not be removed under the other limitations specified in this paper.

(d) Extra carbons or non-record copies of "Records" may be removed, providing:

(i) there are no legal or policy reasons for keeping the information therein confidential;

(ii) if they were produced by a second agency, that agency does not wish them kept confidential;

(iii) that the record copies, and sufficient non-record copies for the convenient transaction of business still exist in the interested agencies.

(e) Material classified under Executive Order 10501 and Restricted Data under the Atomic Energy Act of 1954, no matter what its form, should not be removed from the custody, control, or possession of any Department, agency, or person charged with its protection, and title to such material may not be transferred from the United States. However, Executive Order 10816 provides limited authority for the collection of extra copies of classified materials by private individuals, including retiring officials, for historical research purposes. Use of this authority is subject to the qualifications in the Executive Order and to the interpretation specified in Section 3 of the attached Cabinet Paper.

The Original

(f) Department and agency heads should, using this paper as a guide, consider the advisability of publishing a policy for removals by subordinate bureaus and offices in order to bring about consistent practice.

(g) Rather than make decisions in haste, retiring department and agency heads should consider having representatives of the National Archives examine and give advice on all material which is planned for removal.

(h) All agency heads should consider initiating a continuing system for segregating personal and withdrawable material from "Records", at the time of origination.

(i) Department and Agency Heads should, in file-keeping and file-cleaning under their jurisdiction, take steps to have thrown out personal or gossipy material which does not come under the definition of "Records" on page 3 of the attached Cabinet Paper.

(j) Retiring department and agency heads planning to remove papers should consider making use of the system of Presidential archival depositories (including the right of restriction on access) established by Section 507 of the Federal Records Act as amended.

CABINET PAPER—PRIVILEGED CP - 59-58/4

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THE CABINET

Removal of Papers by Retiring Department and Agency Heads

The determination of what documents retiring department heads or other officers appointed by the President may remove and take with them when they leave office is complicated by the problem of ascertaining whether the documents in question are public or private in nature. Documents which are truly personal or private belong to them and may be removed. The removal of public documents is limited by statute. However, department heads and officers of similar status frequently maintain wide contacts in business, politics and other aspects of national life and undertake activities not directly related to the functions of their offices. Their correspondence often has a mixed character. Because of this, it may be difficult to determine whether correspondence or other documents containing personal material, but bearing upon the conduct of public business, must be regarded as public documents. The advise and assistance of departmental and agency records officers as well as of staff members of the National Archives and Records Service, GSA, are available in making determinations of this nature.

While all the possible situations cannot be anticipated, it would be helpful to set forth the types of material which, as a matter of law must be retained by the Government, the area in which discretion to remove exists and how the law indicates that discretion should be exercised. The applicable criminal law will also be referred to where relevant. In the light of that discussion a number of specific recommendations will be made.

1. Documents which may not be removed.

(a) Classified information and Restricted Data under the Atomic Energy Act.

Executive Order 10501 of November 5, 1953 (18 F.R. 7049), as amended, contains special provisions for the safeguarding of "official information which requires protection in the interests of national defense." Only "official information" may be classified under the order, and the fact that material containing such information has been so classified indicates that it has been determined not to be private in nature. In addition, the order, as amended, contains elaborate provisions relating to access, custody, safekeeping, dissemination, accountability and disposition which indicate that it intends that, while such material remains classified, none of the Government's property rights relating to it be transferred to others, including to retiring department or agency heads. Dissemination of classified information to a former officer, even though he "may have been solely or partly responsible for its production", can be made only under conditions and through channels authorized by the head of the disseminating department or agency.

The system established by the Executive order makes no provision for the removal by a department head or other individual of any material which comes under it (as distinguished from the acquisition and retention of extra copies thereof for historical research; see Section 3 below.) Material classified under the order may be disposed of only by burning or equally destructive methods or in accordance with procedures established by the Records Disposal Act (44 U.S.C. 366, et seq.). which does not provide for removal by a retiring officer. The fact that a document has been classified under the order would provide an argument of some force that a removal was "willful and unlawful" within the meaning of 18 U.S.C. 2071 which provides criminal penalties for the willful and unlawful removal of records, papers, documents "or other thing" deposited with any public office or officer. The statute covers unlawful removal by, among others, those "having the custody." Further, 18 U.S.C. 793 makes criminal the willful retention of, among other things, any "document, writing, *** or note relating to the national defense" and the failure to deliver it to the officer or employee of the United States entitled to receive it. This section also appears applicable to documents classified under the Executive order.

Similar conclusions follow from the special restrictions imposed on access to Restricted Data, as that term is defined in the Atomic Energy Act of 1954 (42 U.S.C. 2161-2166), and the criminal penalties imposed for the violation of this act, specifically those dealing with communication, receipt, tampering, or disclosure of Restricted Data (42 U.S.C. 2273-2277), make it clear that removal of such material by a retiring officer is prohibited.

"In addition, special provisions have been made in 18 U.S.C. 798 for the safeguarding of classified information relating to codes, ciphers, cryptographic systems and similar devices used in connection with communications intelligence."

(b) "Records." The Records Disposal Act provides specific procedures for the disposal of "records" as that term is defined therein. The definition is set forth below. The act provides that records may be disposed of only through a procedure involving the submission by each agency head to the Administrator of the General Services Administration of lists of records which do not have sufficient "value to warrant their further preservation," and of schedules proposing the disposal after the lapse of a specified period of time of records of a specific character that have accumulated or may accumulate in the agency. The Administrator must then submit the lists and schedules to the Congress to be examined by a Joint Committee. Disposal is permitted only if the Committee so recommends or fails to make a recommendation within a period of time fixed in the act. These procedures "are exclusive and no records of the United States Government shall be alienated except in accordance" with the provisions of the act. Accordingly, if material is in fact "records" it may not be removed and removal might constitute a criminal violation under 18 U.S.C. 2071. However, as indicated below, limited discretion is conferred on agency heads to determine whether material is "records."

(c) Confidential information. There are numerous statutes which guarantee the confidential nature of certain information supplied to the United States or its officers and make it a crime to disclose such information. Without listing them all, they include income tax returns (I.R.C. 6103 (a)); information in possession of the Social Security Board (42 U.S.C. 1306); confidential statistical information (18 U.S.C. 1905); information obtained by bank examiners (18 U.S.C. 1906); and Farm Credit

Examiners (18 U.S.C. 1907). It is difficult to see how material containing information covered by statutes can be considered as anything other than official documents the removal of which would be improper.

2. Documents as to which discretionary authority for removal exists. Government owned documentary material which does not fall within the definition of records may be disposed of under R.S. § 161 (5 U.S.C. 22) which provides in part:

> "The head of each department is authorized to prescribe regulations, not inconsistent with law, for *** the custody, use, and preservation of the records, papers, and property appertaining to it."

This statute, apparently enacted under the authority of the Congress to make rules and regulations respecting the "Property of the United States" (Constitution, Art. I. Sec. 3, Cl. 2), seems to confer adequate authority upon department heads to dispose of records and papers appertaining to a department so long as such disposition is "not inconsistent with law," e.g., the Records Disposal Act, Executive Order 10501 or limitations relating to confidential information. Accordingly, if material does not fall within the definition of "records," contained in the Records Disposal Act, as, for example, extra carbons or photostats of memoranda, and is not classified or confidential removal may be authorized under R.S. § 161. Although the statute covers only the nine executive departments enumerated in 5 U.S.C. 1, the courts have tended to read parallel powers into the statutes governing the independent agencies.

The definition of "records" contained in the Records Disposal Act (44 U.S.C. 366) includes:

> "all books, papers, maps, photographs, or other documentary materials, regardless of physical form or characteristics, made or received by any agency of the United States Government in pursuance of Federal law or in connection with the transaction of public business and preserved or appropriate for preservation by that agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the Government or because of the informational value of data contained therein. Library and museum material made or acquired and preserved solely for reference or exhibition purposes, extra copies of documents preserved only for convenience of reference, and stocks of publications and of processed documents are not included within the definition of the word 'records' as used in this Act."

Extra carbon copies and photostats are not records under this definition. Further, the definition confers some discretion on agency heads to determine whether material comes under it, and the legislative history of the act indicates that some discretion was in fact intended. The definition requires that two conditions must be met. First, it must be "made or received by any agency of the United States Government in pursuance of Federal law or in connection with the transaction of public business." Second, it must either be "preserved or appropriate for preservation by that agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the Government or because of the informational value of data contained therein." Obviously cases may exist in which it is difficult to determine whether any particular document should be treated as a "record" in the light of these requirements. Special difficulty may exist with respect to the correspondence of an officer which he may tend to regard as private or personal but which also has some relation to public business. While it may be easy to determine that such correspondence should be preserved, it is sometimes difficult to conclude it has been "made or received by any agency of the United States Government in pursuance of Federal law or in connection with the transaction of public business."

Guidance as to the manner in which discretion is intended to be exercised is supplied by the emphasis placed in the Federal Records Act (44 U.S.C. 392, et. seq.) upon the making and preservation of records for the purpose of documenting policies, decisions and essential transactions of agencies and in order to protect the legal and financial rights of both the Government and persons affected by agency activities. Material necessary for such purposes is to be treated as "records" and not be removed.

The diaries or private accounts of the public activities of high officials may ordinarily be regarded as private property. R.S. § 161 is limited in its application to papers "appertaining to" a department, and it would be justifiable to conclude that a diary or private account does not so "appertain" within the meaning of the section. The definition of the term "records" does not require their inclusion under it. While conceivably the discretionary power conferred by the definition could be extended to cover them, there appears to be no reason why this should be done. Such diaries or accounts are of historical importance and ordinarily ultimately become part of the body of history available to scholars. Since they deal with matters which are usually elsewhere covered by adequate "records," officials have the choice of preparing such diaries or accounts or failing to do so. Because they often contain highly personal material, such as appraisals of associates and political speculation, any attempt to treat them as public property would probably result in their not being produced at all.

The authority of retiring department or agency heads to remove material necessary for the preparation of such private accounts after they have left office is governed by the general principles contained in this paper. The discretion conferred upon department and agency heads with respect to the classification of materials as records must place primary emphasis upon the importance of maintaining in the hands of the Government documentation of Government activity. However, if this purpose is effectuated, leeway remains for the treatment of papers as either private or as non-record and, therefore, subject to being removed under R.S. § 161 if otherwise proper.

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have access to classified defense information originated within his agency if he determines that that access would be clearly consistent with the interest of the national defense and that the persons to be granted that access are trustworthy; however, the agency head involved is charged with the responsibility for taking appropriate steps to assure that the classified information involved is not published or otherwise compromised. The new subparagraph does not permit the removal of classified records from the possession of the Government, but the agency head concerned may, in his discretion, permit persons granted access to classified information under the new subparagraph to acquire or reproduce, and retain in their custody, extra copies of those classified records if those persons arrange for the proper safeguarding thereof. The agency head involved shall assure that title to the copies will remain in the United States until such time as the information contained therein has been officially declassified under the provisions of Executive Order No. 10501 and until the agency head otherwise determines that the interests of the United States permit the transfer of title to the copies to nongovernmental custodians.

4. Use of Presidential Archival Depositories for the Control and Disposition of Personal Papers. The protection, control, and ultimate dispostion of personal papers removed by retiring cabinet and agency heads is a responsibility of the individual concerned. The historical importance of such materials, however, suggests that care be exercised to prevent their loss or dispersal. Although some of the papers may contain information of a sensitive or private nature, the use of which will be restricted for a time, the collection as a whole ought, in due course, to be made available for research use.

Section 507 of the Federal Records Act (44 U.S.C. 397) establishes a system of Presidential archival depositories. Under this section the Administrator of General Services Administration may accept for deposit in either the National Archives or in such depositories Presidential papers, papers and other historical materials of officials or former officials and other papers "relating to and contemporary with any President or former President of the United States." The section specifically provides that deposits may be made "subject to such restrictions respecting their availability and use as may be specified in writing by the donors or depositors,... and such restrictions shall be respected for so long a period as shall have been specified, or until they are revoked or terminated by the donors or depositors or by persons legally qualified to act on their behalf . . . ." This statutory right to place restrictions on availability and use might operate effectively against either a judicial or legislative subpoena. Privately owned papers not so deposited would probably be subject to subpoena.

The National Archives system in addition to affording physical security to materials deposited therein, provides for their administration by a trained professional staff.

5. RECOMMENDATIONS. Specific recommendations cannot cover the whole variety of situations which may arise. However, they should provide a guide to the solution of many problems and point to the general approach to others. The recommendations relate only to department and agency heads and officials of similar status.

(a) No material should be withdrawn if its withdrawal will create such a gap in the files of the agency as to disrupt the proper documentation of its activities as provided for in section 506 of the Federal Records Act. Ordinarily, it would not be an abuse of discretion to withdraw personal work aids such as office diaries, logs, memoranda of conferences and telephone calls. Adequate agency records of the material referred to usually exist and withdrawal will, therefore, not cause such disruption.

(b) It is almost impossible to make a rule with respect to correspondence addressed directly to an agency or department head. Much of it relates only to department business, fully meets the definition of records contained in the Records Disposal Act, and must be treated as official records. However, much of it can be treated as personal or private and deals with either the public activities of the individual not related to his department or agency or with his purely personal activities. To the extent that material clearly falls within this category there can be no objection to the removal. However, there is undoubtedly a large body of correspondence which contains material of both types. Here, a delicate judgment as to whether it is preponderantly agency material or personal in nature must be made in each case. In the event that it is determined to be essentially personal and that it is to be removed, a record should be made of anything contained therein relating to matters involving the official business of the agency.

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(d) Whether or not a departing officer may take extra carbons or other non-record copies of records should depend largely upon whether there is any policy or legal reason why the information contained in them should be regarded as confidential. If they should be so regarded, the responsibility of keeping them confidential should be vested in the Government, not in former officers. In some cases the documents were produced in another agency. It would be appropriate to obtain the views of that agency as to the confidential status of documents before removing them. In some cases regulations may so require. Assuming there are no reasons to keep the information contained in the documents confidential and that record copies exist in the interested agencies, together with such extra non-record copies necessary for the convenient transaction of business, there should be no objection to the removal of copies.

(e) Retiring agency heads contemplating the establishment of collections of their papers, should, to the extent that those papers involve classified material be guided by section 3 of this paper.

(f) It would be appropriate for department and agency heads to publish a policy for their agencies and departments relating to what documents and material officers and employees may obtain and keep for their personal use and what must remain in the official files. While the same policies might not necessarily apply to all levels of officers and employees, it would articulate the problems and establish a practice which could at least be used as a standard.

(g) It would be appropriate for responsible employees of the agency or department, and possibly representatives of the National Archives, to examine all material intended to be removed by a retiring agency head in order to make sure that adequate agency records exist as to any official matters referred to in the material and that no material containing security or confidential information is removed. It is understood that in a number of cases the decision has been hurriedly made by a personal assistant or secretary in the last days or hours before resignation, with the result that proper consideration has not been given to all factors involved.

(h) It would be appropriate for all agency heads to follow a system whereby personal material and records could be segregated as they are created or received, and kept separate at all times.

(i) Department and Agency Heads should, in file-keeping and file-cleaning under their jurisdiction, take steps to have thrown out personal or gossipy material which does not come under the cited definition of "Records" on page 3 of this Cabinet Paper.

(j) Presidential archival depositories provide an attractive means for centralizing private collections of materials dealing with specific Presidential administrations. In addition to affording physical security to materials deposited therein, they also provide for their proper administration and servicing for research use by a trained professional staff as a part of the archival system of the United States. Serious thought should be given by retiring or retired officials possessing such collections to the advantages of arranging for their deposit, under appropriate restrictions, in a Presidential archival depository.

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CI - 59-61

July 8, 1959

The White House

Washington

THE CABINET

Basic Concepts for the U. S. Exhibit at the New Delhi World Agriculture Fair

For information of the members of the Cabinet, attached is a paper which sets forth the concepts and objectives which will govern the U. S. Exhibit at the World Agriculture Fair to be held in New Delhi, India, from December 11, 1959 until February 14, 1960.

This paper is circulated as background for the Cabinet presentation on the subject scheduled for the meeting of July 10, 1959.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Information

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Washington

THE CABINET

BASIC CONCEPTS UNDERLYING THE EXHIBIT AT THE WORLD AGRICULTURE FAIR TO BE HELD IN NEW DELHI FROM DECEMBER 11, 1959 to FEBRUARY 14, 1960

The United States Exhibit must impress upon the peoples of India our deep and serious concern for their agricultural production problems and our wish to cooperate fully with them in solving these problems.

Every Indian visiting the Exhibit should leave feeling convinced that Americans and Indians have the same set of fundamental values; that they have the same approach to freedom, friendship and family.

It should become clear to all that the prosperity of American agriculture is due to:

1. A deep reservoir of scientific knowledge gained through research and technology carried out over a long period of years by both public and private funds. The methods of scientific research and illustrations of its dynamic results, both social and economic, will be demonstrated by specific examples in five product areas.

2. The broad and rapid dissemination of this knowledge to millions of farmers through a variety of private agencies and the government. The presence at the Exhibit of County Agents, 4-H representatives, home demonstrators, and representatives of farm organizations, together with a large library of farm publications available for consultation, will be some of the means used to show how new knowledge quickly permeates all elements of our society.

3. The application by the farmer of his acquired knowledge. Actual farm operations involving plowing, seeding, cultivating and fertilizing with machines of the sort that can well be adapted to Indian farms will be carried on during the Exhibit. Live dairy cattle and laying chickens will also be used for demonstrating the application of knowledge on the farm.

4. The existence of economic incentives such as reasonable and stable prices, ample credit and the automatic and continuous distribution of wealth that results from a free society, all of which encourage the farmer to produce efficiently.

5. The development of processing and marketing mechanisms which absorb a vast quantity of agricultural products prevent wastage of crops and benefit all consumers.

CABINET PAPER

For Information

6. The status of the farmer in his community in which he votes as a free man on issues that affect him and in which he works voluntarily through community and national organizations for actions of which he approves.

The demonstrated willingness of the United States to share its abundance through technical assistance and food supply programs will be emphasized.

The feeling of sympathy and understanding between the peoples of India and the United States will be created by the beauty and simplicity of the architecture carrying many motifs loved by the Indians; by extensive use of still and moving pictures showing how American families live, their simplicity, their cooperativeness, and their neighborliness; and by the "County Fair" section of the Exhibit to show how we are alike in fun and relaxation.

Each visitor, whether intellectual, official, or simple farmer, should walk away saying to himself:

1. I have just seen the best way to increase agricultural production and prosperity.

2. We, in India, can also succeed in the same way through freedom and cooperation.

Excerpts From the Cabinet Discussion of July 17, 1959

The Staff Notes Procedure

GENERAL PERSONS: We have found that this procedure has worked best where the head of the department takes a personal interest in it. I again wish to call this procedure to the attention of the people here.

THE PRESIDENT: One of the things that the Staff Notes do for me is to keep me from being caught by a perfectly legitimate question at a press conference or at a leader's meeting - caught not knowing a damned thing about it. Most of the departments, particularly those connected with the NSC, are doing what they should be, but for example, when that question came up recently about the radio-active poisoning of that river in Colorado, I had never heard about it. They caught me on this and I don't like to be caught on questions like that.

ATTORNEY GENERAL: It would be helpful to us if you could advise us when we have left something off or when you see we have omitted something.

THE PRESIDENT: I don't think that court vacancies, for instance, need any staff action of any kind like this.

SECRETARY BENSON: Is its primary use in press conferences?

THE PRESIDENT: No; it's a general help to the staff here to keep me primed.

GENERAL PERSONS: There is a wide variation in the contributions. If any of you wants to, I can give it to you.

THE WHITE HOUSE
WASHINGTON

PRESIDENT'S STAFF NOTES

AGENCY PERFORMANCE -- ITEMS SUBMITTED

JULY 1958 -- JUNE 1959

AGENCY	ITEMS RECEIVED
State	490
Treasury	62
Defense	697
Justice	1 !
Post Office	11
Interior	22
Agriculture	56
Commerce	149
Labor	118
HEW	40
Budget	44
OCDM	43
White House	135
GSA	5
ICA	129
USIA	125
AEC	119
NASA (from Oct. '58)	29
VA	16
HHFA (from Mar. '59)	5
DLF (June '59 only)	4
NSF	3

PRESIDENT'S STAFF NOTES

THIRD ANNUAL REVIEW -- JULY 1959

AGENCY PERFORMANCE -- ITEMS SUBMITTED AND USED

JULY 1958 -- JUNE 1959

NUMBER (in order of total submissions)	AGENCY	ITEMS RECEIVED	ITEMS USED	PERCENT USED
1	3 Defense	697	608	87
2	1 State	630	435	69
3	8 Commerce	145	93	64
4	13 White House	135	127	94
5	ICA	129	121	94
6	USIA	123	92	74
7	AEC	119	78	66
8	9 Labor	118	73	62
9	2 Treasury	62	53	85
10	7 Agriculture	56	41	73
11	11 Budget	44	36	82
12	12 OCDM	43	24	56
13	10 HEW	40	30	75
14	NASA (from Oct. '58)	29	25	86
15	6 Interior	22	18	82
16	VA	16	14	87
17	5 Post Office	11	6	54
18	HHFA (from Mar. '59)	5	3	60
19	14 GSA	3	3	100
20	DLF (June '59 only)	4	4	100
21	NSF	3	2	67
22	4 Justice	1	1	100
	TOTAL	2283	1869	82%
	TOTAL (July '56 thru June '58)	4593	3037	66%
	3-YEAR TOTAL	6876	4906	71%

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Justice - submitted only 1 item (Oct. 1958)

GSA - submitted 1 item in July 1958 and 4 items submitted in June 1959.

dhm
7/15/59

Electrostatic reproduction made for preservation purposes by the Eisenhower Library for replacement of a deteriorating manuscript item.

STATEMENT BY SECRETARY OF AGRICULTURE AT CABINET MEETING ON WORLD AGRICULTURE FAIR, NEW DELHI, INDIA

We have a pleasant opportunity this morning to preview a very important event -- the United States exhibit at the World Agriculture Fair, New Delhi, India. This fair will open on December 11, 1959, and it is scheduled to run until February 14, 1960.

An Indian farmers' organization called the Farmers' Forum is sponsoring the World Agriculture Fair. India itself will be heavily represented with exhibits showing its own agriculture and agricultural industry. Other countries -- including the United States -- also have been invited to take part.

We have good reason to believe that the competition among foreign exhibitors will be very keen -- especially competition offered by the Communist countries. They, of course, are out to influence India in whatever ways they can. Three of the biggest exhibits on the grounds will be those of Soviet Russia, Red China, and the USA. The eyes of millions of Indian people will be on us, and we're putting forth real effort to make this an exhibit of which the United States can be proud.

India, as we know, is feeling two kinds of diametrically opposed political pressures -- the collectivist, regimented philosophy of its Communist neighbors, and the free enterprise philosophy of the West. We are trying in our U. S. exhibit to show simply and dramatically how our free enterprise agriculture operates and the tremendous progress that our agriculture has been able to make under our system. We carry this further and show that through technical assistance and food supply programs we share our progress and our abundance with the rest of the world.

As the Indian visitors walk through our exhibit, they will find three principal sections. One illustrates our agricultural research, education, and extension. Another shows how we apply our science and technology on the farm. Another section portrays the marketing of our products.

Then the Indian visitor will come to a grouping that shows how our farmers live and do their work -- their farm organizations, cooperatives, credit systems, family life, etc.

Next, there is a grouping on our technical assistance and international food programs -- our Food for Peace program, we might call it.

And finally, a look at the future, which involves atomic energy and its beneficiary peacetime uses, including use in agriculture.

That's a very broad glimpse of what is contemplated in the U. S. exhibit at India's World Agriculture Fair. Personally, I think this is a wonderful opportunity to help tell our friends in India a story of which we're proud.

This, of course, isn't a Department of Agriculture show. Several agencies of Government are participating, along with U. S. private industry and farm organizations. The Department of Commerce is spearheading the actual construction of the exhibit. I'd like to ask the Acting Secretary of Commerce to go on from here and give us some more information on plans and progress.

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STATEMENT BY NATHANIEL KNOWLES TO THE CABINET
ON JULY 10, 1959:

I wish to express my appreciation to the agencies concerned for the extraordinarily fine cooperation I have received.

You can be assured that a hard hitting, imaginative team is putting on the United States Exhibit.

The Exhibit will occupy over four acres of ground, housed in three large buildings, with much outside area being used for display purposes.

The following slides were made from photographs of a scale model prepared by the architect. We have been striving to express beauty, simplicity and friendliness; to create a sense of excitement; to combine serious educational areas with intervals of relaxation and fun.

Slide No. 1 is a view of the Exhibit from the main gate of the Fairgrounds. We hope it creates a sense of excitement in the visitor.

Slide No. 2 is a closer view. A large sign has the words "Mela, U.S.A.". "Mela" is "County Fair" in Indian and directly comparable to ours both in serious interests and in fun for all ages. A smaller emblem contains the words "Food, Family, Friendship, Freedom".

Slide No. 3 is a close-up of the domes, which are 40' high, gold on the outside, brilliantly colored and lighted underneath.

Slide No. 4 shows the first area and emphasizes the use of colors, lights, flowers and water. These domes will contain a beautiful collection of introductory pictures showing American farm life in all of its work and social phases. The American farmer and his family will welcome the Indian farmer. They will emphasize that the strength of American agriculture is in the family farm.

Slide No. 5. Building No. 1 will contain:

A large scale terrain model of a typical farm community.

Research in wheat, corn, fertilizers, poultry feeding and dairy cattle feeding.

An all-important demonstration of how research in America is communicated rapidly and effectively to the farmer by County Agents; 4-H Clubs; representatives of farm organizations; private industry; radio, T-V, farm magazines and publications, the press, and other communications media. There will be a large reference library for consultation.

Slide No. 6 shows the application area. Farm equipment demonstrated. Women's booths showing prize preserves and canned goods, dressmaking, garden vegetables such as pumpkins, etc. The barn will house approximately 12 cows and a milking parlor in operation, and laying hens. An area will be devoted to fun for children and adults, including a carrousel, distortion mirrors, etc.

Beyond this area is Building No. 2 with the story of processing and marketing, including a section of a supermarket and a demonstration kitchen. In this building a great deal of emphasis will be placed upon the cooperative movement in the United States and a representative will be present from a United States cooperative. Here also will be the ICA technical assistance program and the use of United States foods around the world.

Slide No. 7 shows a garden area with space for 1,000 people to see moving pictures and stage shows put on by the 4-H boys and girls. In the foreground is the Atomic Energy Commission's building, with a Vista Dome, Triga Reactor, demonstration of atomic energy use in genetics, animal and plant studies, insect sterilization, and an operating Gamma facility. Actual experiments will be conducted by Indian scientists.

Slide No. 8. A final over-all view of the Exhibit.

Maximum animation of exhibits. Each display will be explained by a trained Indian fluent in both English and Hindi.

If we have succeeded, every visitor will be convinced that the best way to increase agricultural production is through the voluntary cooperation of free men. They will know the United States wants to help them. They will believe that they, too, can best increase their agricultural production in this same way.

July 6, 1959

MEMORANDUM FOR GENERAL PERSONS

Subject: Lagging Compliance with Cabinet Actions

One of the customary responsibilities of my office has been the periodic preparation of Cabinet Action Status Reports. The attached is our eighth and points out several items which represent poor implementation of Presidential decisions and need a high level "needle".

1. The Cabinet Committee on Price Stability for Economic Growth (Page 1, Section A-1)

In spite of the issuance of its first report (after 6 months), this Committee has only begun to do the kind of job envisioned for it when it was discussed so enthusiastically in Cabinet last December 19.

You are familiar with this situation, however, and with the steps under way to rectify it.

2. Gifts from Foreign Governments (Page 1, Section B-1)

Last January 30, the Cabinet concurred in and the President approved the Report of the Interdepartmental Study Group on Gifts. The Study Group, composed of all the agencies having an interest in the problem of gifts from foreign governments, had been working since May of 1958 and had drafted, not only its Report, but the actual legislation to implement its Recommendations.

The Cabinet action of course specified final "legislative clearance through the Bureau of the Budget."

It has now been five months and that clearance has not yet been completed, despite the fact that the committee members themselves concurred in the legislation when it was drafted.

Even at this late date in the legislative session, the package is still in the hands of the Bureau of the Budget, some of the Departments have delayed their comments until May. Whether State will get it in time for transmittal for Congressional action this session is questionable.

3. Report to the Cabinet from the Interdepartmental Personnel Security Advisory Committee Regarding the Recommendations of the Commission on Government Security (Page 5, Section E-1)

In a Memorandum of July 22, 1957, the President asked for consideration in the Cabinet of the Administration policy with respect to the Recommendations of the Wright Commission.

It was not until August 13, 1958, after personal prodding by Governor Adams, that the Attorney General was finally persuaded to mention this subject at the Cabinet table. (The background to Governor Adams' prod, and the unhappy chronology up to that point, last year, are shown in the copy of my memorandum attached under Tab A). The Record of Action of that Cabinet meeting reads Between now and the beginning of next year, the Personnel Security Advisory Committee is to have the assignment of considering legislative proposals in this field.

The PSAC asked the Departments for recommendations, and, during last Fall, went to work on their proposals. A Report was ready by Winter but all efforts since then to get the Attorney General to present it at Cabinet or even mention any aspect of the subject have been unavailing.

Meanwhile, Administration witnesses at Congressional hearings during the Spring have had to say, We have no position yet with respect to the Wright Report, now two years old.

4. Restrictions on the Employment of State and Local Convict Labor in the Performance of Federal Contracts. (Page 5, Section E-2)

Budget and Justice have for some years been anxious to get agreement on a revision of Executive Order 325-A of May 18, 1905 to relax the restrictions which that Order imposes on the use of State and Local convict labor for Agricultural, Interior and Defense needs. Justice feels that it would be an aid in rehabilitation to have greater occupational opportunities for State and Local convict labor. The Department of Labor has opposed any change in the old Order. The principal beneficiaries from any change would be Agriculture, Interior and Defense; none of these Departments, however, have indicated any compelling need or desire to get the matter resolved. Since this is true, the subject is likely to remain on dead center.

The purpose of mentioning the matter here is to keep you informed. Unless you feel uncomfortable about the question being unresolved, no action is needed. We are under no Presidential directive to resolve it, as for example, we are in no. 3 above.

5. Territorial Allowances (Page 23, Section U(1) b)

This problem has been bouncing around for 3 1/2 years. In a Memorandum of December 28, 1955, Chairman Phil Young opened up the subject as a Cabinet matter, and concluded by pointing out "it is essential that Executive Branch policy be determined at an early date."

On March 16, 1956, the Sub-Cabinet (a group of Under-Secretaries chaired by Governor Adams) established a special committee to study the matter; on May 17, 1956, the special committee produced a split report which did recognize the fact that in Puerto Rico, with high base pay plus allowances, employees below the grade of G. S. - 6 are being paid between 50% and 150% more than the going local rates for natives, which is felt to be unfair competition with local industry.", while in the then territory of Alaska, the statutory rates plus 25% still did not equal local prevailing rates, making recruitment difficult.

On May 25, Governor Adams insisted that the Sub-Cabinet members compose their differences in order "that the President can make the needed decisions for the actions to be taken now and in the future."

In February, 1957, responsive to the Governor's assignment, the Civil Service Commission and the Bureau of the Budget worked with us in the preparation of a new, draft Cabinet Paper on the subject. This we referred to Mr. Siciliano for review prior to Cabinet circulation. He has had the paper and "the ball" since then; the agencies are apparently still split and we are still waiting for a resolution of the issue.

6. Three Bragdon Projects (Pages 23-24, Section U(2))

The questions of Long-Range Drouth Area Actions, Water Rights and Standby Public Works Stabilization Plans are, despite General Bragdon's best efforts, in various stages of neglect or disregard.

The drouth area program was supposed to have been wrapped up by January of 1959 in time for the State Legislatures to take their necessary actions. General Bragdon has talked to four governors and many other state officials as well as some Congressmen and Senators. He is sending you a separate memorandum on what is the exact status of the drouth area proposal.

With respect to Water Rights, the President in May of 1957 approved General Bragdon's proposal, at Cabinet, to create a special committee to go into this specific subject. The Committee has never been established.

Regarding Stand-by Stabilization Plans, on November 15, 1957, the President instructed General Bragdon to continue actively with all the necessary planning in this field. Just how active or how successful this has been General Bragdon is planning to outline for you in a special memorandum.

7. Orientation Program for Top-Level, Non-Career Executives (Page 25, Section U(4)c)

At the Cabinet meeting on August 2, 1957, the President approved Cabinet Paper 57-71 which called for the following kinds of orientation briefings:

a) Each agency to prepare internal briefing materials for its own new senior appointees

b) Each agency to be ready to give "external" briefings on its functions to the interested new appointees of other agencies

c) The White House, Budget, State, Justice, and the Civil Service Commission to prepare "central" briefings on their respective work -- since that work is of general concern to all new appointees.

All the preparations were completed. The program "waited for customers". Dr. Glennan received a White House briefing; the present members of the Federal Coal Mine Safety Board of Review came over and heard the Bureau of the Budget Briefing. Nothing else happened in spite of phone calls and even letters from Governor Adams, there were no other "takers" for the "external" or "central" briefings.

The problem lies a) in the follow-up and b) in catching the new appointees between the time the President submits the nomination and the date they take office. Once the latter date is reached, it is too late; the immediate burdens of office swamp any plans for post-induction briefings.

The Cabinet Secretariat volunteered for the follow-up work, but has had no takers.

I recommend:

a) If the White House still desires this program continued, for the next year and a half, the follow-up on this particular program be given the boost of your signing a letter like the attached (Tab B) to each new Presidential appointee

b) That we begin work this Fall possibly with General Goodpaster, Mr. Hopkins and later with appropriate officers from selected agencies, to develop a draft Cabinet Paper of guidelines on "transition orientation" procedures applying to January of 1961.

8. Conflicts of Interest (See page 25, Section U(5))

This subject -- totally unresolved -- has had an embarrassingly long history -- having come to formal Cabinet attention at least as early as November 15, 1955. I made some recommendations to Governor Adams a year ago, and in connection therewith compiled a brief chronology of the problem; which is attached. (Tab C)

The Justice Department has informed me that the New York City Bar Association Study is in draft, with publication of its book-length final report scheduled for next February. There are informal means available for our getting a copy of the draft if we wish (Congressman John Lindsay is one of the Committee's most active members).

I recommend we get a copy of the draft Report and then ask Messrs. Kestnbaum and Rogers to start now preparing a draft Cabinet Paper for consideration in January or February on the position the Administration should take when the Report (which will be accompanied by draft legislation) comes out.

Robert Gray
Secretary to the Cabinet

TAB A

CHRONOLOGY

August 9, 1955

President signed P. L. 304 creating the Commission on Government Security.

June 21, 1957

Commission issued its 807-page Report.

July 22, 1957

President sent all agency heads a memorandum (Tab 1) asking them to send in written comments on the Report to Mr. Tompkins, Chairman of the Personnel Security Advisory Committee, "in order to allow for proper interdepartmental study and subsequent consideration in the Cabinet."

July 1957 - April 1958

Receipt of written comments, followed by thorough interdepartmental screening, sorting, and discussion in the PSAC, as instructed by the President.

April 4, 1958

PSAC Report and conclusions transmitted to the Secretary to the Cabinet. This "Report" was in the form of: (a) a memorandum, plus (b) several approved PSAC "Task Force Studies" totaling 48 pages, plus (c) a 10" stack of all the agencies' written comments.

April 17, 1958

The above mass was sorted through, the separate issues singled out and the significant views on each identified. A draft Cabinet Paper was prepared summarizing the views on each issue. This paper (Tab 2) has been run off but not yet distributed to the Cabinet.

The cover-sheet on this draft Cabinet Paper pointed out that certain of the matters raised in the Commission's Report would be referred to the NSC rather than to the Cabinet for action.

April 18, 1958

Mr. Rabb sent a copy of the Cabinet Paper to the Attorney General under a memorandum formally requesting "the concurrence of the Attorney General to circulate this paper on or about April 21, and to schedule it for Cabinet consideration on April 25 or May 2."

May 1958

Series of meetings among Messrs. Rabb, Morgan, Walsh, Siciliano, Tompkins, Lyons, Ellsworth. Mr. Rabb reminded the participants that:

a) The issues had now received thorough inter-departmental review and were ready for Cabinet-level consideration, at least piece-meal, in order that it could be said that the Report was not being neglected.

b) Legislation was pending in the Congress which would require the Administration's making a decision on what was in effect the substance of the Commission's recommendations.

c) Any new public stimulus in this field -- an embarrassing security case, a press story, possibly Mr. Wright's own needling, might blow this matter up again -- and Administration in-action would then be hard to defend.

Mr. Morgan generally concurred in this; Mr. Summerfield pressed for action. The Department of Justice made it quite clear that it had little desire to lay this matter substantively on the Cabinet table. It was finally agreed that at Cabinet the Attorney General would mention the matter procedurally, stating that we were awaiting the NSC review of these problems in which the Council was interested. (The NSC had referred them to its subcommittee on Internal Security on April 30, with a deadline of May 30.)

May 16, 1958

Procedural statement made at Cabinet by the Attorney General. Record of Action attached as Tab 3.

July 10, 1958

An omnibus Federal civilian employee security bill was passed by the House 295-46 in spite of what the press described as a "last-minute request by the Justice Department that the bill be shelved ... until the Administration completed its study of the Wright Report on Government Security which was made more than a year ago."

The bill is now in conference, since the Senate had earlier passed a much shorter measure.

July 22, 1958

Mr. Lay reported back to the Cabinet Secretariat that since the NSC Subcommittee's review "does not appear to raise policy issues requiring consideration by the Council, the enclosure is forwarded herewith for such action by the Cabinet as may be deemed appropriate."

Today

The problem is squarely with the White House: Do we want discussion and decision on the Commission's recommendations, or do we want to forget about them?

TAB B

Dear ____________________:

Your nomination as Secretary of Health, Education, and Welfare gives me a great deal of satisfaction.

You would like to know, I think, that we have recently taken a modest step forward in public administration by instituting an orientation program for top-level, non-career appointees. The program includes arrangements for briefings concerning an appointee's own department, related agencies, and also central organizations such as the Executive Office of the President.

The President hopes that you will avail yourself of whatever of these briefings you may need, beginning now, before the duties of your office mount up. Mr. ________________, in your Department, can make all the necessary arrangements.

Sincerely,

TAB C

Record of Inaction

June 24, 1954:

In Cabinet "it was agreed that the program for establishing inspection systems in the departments and agencies would be pushed ahead without publicity."

Mr. Hughes sent a letter around, and the last known progress report on this program was to the Cabinet in November, 1954 (see the attached Information Paper).

Budget tells us now that they do no active monitoring of this program, require no reports from the agencies, make no review of what the agencies are doing. Occasionally an agency official comes to them for advice, otherwise Budget assumes that the agencies are conducting this program by themselves.

February 14, 1955:

The Second Hoover Commission in its Personnel and Civil Service Report stated (#5, page 36):

"We recommend that the President and the appropriate Committees of the Congress review the conflict of interest laws to determine whether the intent of such laws can be better achieved by other and more positive means which would encourage rather than discourage entry of competent men into public life".

Mr. Kestnbaum asked first Phil Young, then the Civil Service Commission to act on this recommendation, but got nowhere.

November 15, 1955:
(Cabinet Record
of Action 37)

Justice and Phil Young assigned to canvass the Departments and Agencies on certain aspects of conflict of interests, "as a basis for further Cabinet discussion of the practicability of developing uniform guidelines." Assignment never completed.

As recently as April 11 you reminded the Attorney General of this assignment.

January 25, 1956: Cabinet Action Status Report listed the above assignment simply as "pending". Nothing more specific from Justice.

March 6, 1957: Cabinet Action Status Report listed the above assignment as awaiting the results of a study being made by the American Bar Association.

March 31, 1958: Cabinet Action Status Report recounts that the ABA study has fallen by the wayside and that Mr. Kestnbaum and the Attorney General will "discuss further action".

May 12, 1958: New York Bar Association announces the formation of a Special Committee to look into this whole problem. Chairman: Former Assistant Secretary in HEW, Rod Perkins. Mr. Kestnbaum has been in touch with Mr. Perkins and with Mr. Charles Coolidge of Boston.

CABINET CHECK-LIST

For: CABINET - July 17, 1959

			Special Assistant for Cabinet Coordination:	Appointment Secretary, or Other:
✓	THE PRESIDENT		11:36	
O	THE VICE PRESIDENT	✓	Mr. McWhorter	
✓	**Substitute:**			
✓	STATE (Mr. ~~Dulles~~ Dillon)	✓	Mr. ~~Boster~~ Elliott	
✓	TREASURY (Mr. Anderson)	✓	Mr. Parsons	
✓	DEFENSE (Mr. McElroy)	✓	Mr. ~~Gale~~ Lindsay	
✓	JUSTICE (Mr. Rogers)	✓	Mr. Cushman	
✓	POST OFFICE (Mr. Summerfield)	✓	Mr. Moore	
✓	INTERIOR (Mr. Seaton Elmer Bennett)	✓	Mr. ~~Kennedy~~ Ewald	
✓	COMMERCE (Mr. ~~Strauss~~) Mueller)	✓	Mr. Becker	
✓	AGRICULTURE (Mr. Benson)	✓	Mr. Shurtleff	
✓	LABOR (Mr. Mitchell)	O	Mr. Wallace	
✓	HEALTH, EDUCATION AND WELFARE (Dr. Flemming)	✓	Mr. Kieffer & Mr. Saunders	
✓	BUDGET (Mr. Stans)	✓	Dr. Reid	
✓	OCDM (~~Governor Hoegh~~) M. Patterson)	✓	Mr. Reutzel	
✓	USUN (Ambassador Lodge)			
✓	THE ASSISTANT TO THE PRESIDENT			
✓	THE SECRETARY TO THE CABINET			
		✓	Captain Morse, AEC	

(OVER)

-2-

WHITE HOUSE STAFF:

Mr. Anderson
General Bragdon
Mr. Gordon Gray
✓ General Goodpaster
✓ Mr. Hagerty
Mr. Harlow
Mr. Kendall
Mr. Kestnbaum
✓ Dr. ~~Killian~~ KISTIAKOWSKY
Mr. McCabe
✓ Mr. Merriam
O Mr. Minnich
Mr. Moos
Mr. Morgan
✓ Mr. Paarlberg
✓ Mr. Patterson
✓ Mr. McPhee
Governor Pyle
✓ Mr. Randall
Mr. Siciliano
Mrs. Wheaton
✓ Major Eisenhower

OTHERS:

O ATOMIC ENERGY COMMISSION
(Mr. McCone)

✓ COUNCIL OF ECONOMIC ADVISERS
(Mr. Saulnier)

✓ Thruston B. Morton RNC
✓ Wayne Grove Grover for item 1
✓ Al Toner for item 2
✓ Henry Reams
✓ Nat Knowles } for item 3
✓ Projectionist
George Allen
Franklin Floete

EXECUTIVE SESSION (if any)

________ to ________

Meeting Opened 9:00
Meeting Adjourned 10:01

NATIONAL ARCHIVES AND RECORDS SERVICE

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
1. Cabinet	Record of Action RA-59-137	8/4/59	A
2. Memorandum,	Robert Gray to General Persons	8/4/59	A
3. Cabinet	Rxpx Presentation re Operation Alert	7/31/59	A
4. Cabinet	Paper for Action CP-59-98/1 re emergency planning matters	6/12/59	A

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CA-59-137

July 29, 1959

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, July 31, 1959

1. Oceanography - Status Report	(Oral)	The Special Assistant to the President for Science and Technology The Assistant Secretary of the Navy for Research and Development
2. Departing Remarks	(Oral)	Dr. James T. Killian
3. Phase IV of OPERATION ALERT, 1959	(Oral)	The Director, Office of Civil and Defense Mobilization
4. Funding of the Delegate Agencies' Civil Defense and Defense Mobilization Functions	(Oral)	The Director, Office of Civil and Defense Mobilization
5. The Joint Accounting Improvement Program	(Oral)	The Director, Bureau of the Budget

Robert Gray
Secretary to the Cabinet

CABINET PAPER
For Action

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By SHC NLE, Date 8-11-76

~~CONFIDENTIAL~~

MINUTES OF CABINET MEETING

July 31, 1959
9:00 A.M. -- 10:40 A. M.

The following were present:

President Eisenhower

Mr. C. Douglas Dillon
  for Sec. Herter
Sec. Anderson
Mr. Thomas S. Gates
  for Sec. McElroy
AG Rogers
Mr. Edson O. Sessions
  for PMG Summerfield
Mr. Fred Aandahl
  for Sec. Seaton
Sec. Mueller
Sec. Benson
Sec. Mitchell
Sec. Flemming

Director Stans
Gov. Hoegh

Mr. John F. Floberg, AEC
Dr. Raymond J. Saulnier, CEA
Dr. Arthur Maxwell, Navy
Dr. James H. Wakelin, Navy

Gen. Goodpaster
Mr. Robert Gray
Mr. Gordon Gray
Mr. Harr
Mr. Kendall
Dr. Kistiakowsky
Mr. Morgan
Dr. Paarlberg
Maj Eisenhower
Mr. Stephens - (in part)
Capt Aurand - (in part)
Mr. Patterson

Oceanography - Status Report - Navy Assistant Secretary Wakelin, with the aid of a slide presentation, portrayed the potentialities and challenges in this field. The oceans are potentially this earth's greatest source of (a) food, (b) minerals, and (c) fresh water. The sea's mysteries and our ignorance of them, however, are profound; we are no where near licking the problem of finding an underwater radiation which will enable us accurately to locate submarines, and we still know very little about how the oceans affect the world's weather. The Soviet Union is ahead of us in the quality and quantity of their oceanographic research facilities, including ships.

The President asked that future U. S. Government efforts in the broad field of oceanographic research include cooperative programs and pooling of information with the other nations in the free world active in oceanographic research, especially the United Kingdom and Japan.

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PORTIONS EXEMPTED
E.O. 11652, Sec. 5 (B) (3)
GSA letter 11/6/78
NLE Date 11/20/78

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By bc NLE, Date 11/20/78

#42

The Cabinet noted that comprehensive recommendations with respect to the nature and magnitude of future government-wide oceanographic research activities will be developed in the special subcommittee of the Federal Council for Science and Technology for presentation to the Council and to the Cabinet.

Funding of the Delegate Agencies' Civil Defense and Defense Mobilization Functions - Gov. Hoegh described the manner in which Executive Branch agencies have been buffeted about by conflicting instructions from the House Appropriations Subcommittees -- which this year have all but cut out funds for the "delegate agencies". (Under this "delegate agency" program, for example, the Labor Department prepares emergency manpower plans, HEW would prepare a HEW post-emergency attack health and welfare plan, etc. -- this being considered a more proper execution of departmental responsibilities than to have OCDM itself hire new people of its own to do such planning.)

Gov. Hoegh and Sec. Flemming emphasized that this "game" between the Executive and Legislative Branches has this year turned into a "procedural tragedy".

The President spoke very strongly about the need for enough non-military defense to ensure that our $40 billion military defense effort is not wasted. The feeling was expressed that the degree of balance between these two aspects of our national security program borders on the ridiculous; the cuts the House has made in civil defense could make

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By jbc NLE, Date 11/20/78

our military defense nearly useless.

The President expressed his strong conviction that civil defense and defense mobilization activities are as vital to the total national security program of the country as is the armor around a tank; convinced that these activities are in effect armor around our nation and our civilization, the President approved Director Hoegh's initiating steps which would: (a) Bring to the attention of the Congressional Leaders the severe cuts made in the delegate agency financing; (b) Have prepared a supplemental appropriation making up the amount cut below the FY 1960 budget request for the delegate agencies, together with a strong transmittal message setting forth the President's views; (c) Enable an Administration-wide effort to be made, through speeches and other public statements by Cabinet and agency heads (except State and Treasury), to bring forcefully to public attention the vital requirement for balance in our national security program, i. e., an effective non-military as well as military defense.

The Joint Program to Improve Accounting in the Federal Government - Mr. Stans recalled how, back in 1948, Government accounting was a jumble. There was duplication of functions and records between Treasury and GAO; there was no formal accounting system at all in the Post Office; there was a costly and out-moded system of processing information; little emphasis was given to the use of financial data for management purposes; there was no integration of accounting and budgeting, and the statute books were replete with antiquated legal requirements.

Mr. Stans stated that the Joint Accounting Improvement Program was a long-range program -- a cooperative interagency effort -- primarily being sparked jointly by Treasury, Budget, and GAO. Its objectives were, and still are, improved organization for financial management; more meaningful accounting and budgeting, more effective internal controls, better use of financial information contained in more reliable reports, and savings in cost of operations.

Mr. Stans said that since 1948, the laws have been modernized, duplicate record-keeping and red tape have been eliminated, organization improved, accounting systems in many agencies have been overhauled, electronic and automatic data processing equipment introduced, the apportionment and allotment processes simplified, accounting and budgeting brought closer together, better audits and controls introduced, and, above all, the better financial data which is being produced is allowing better management decisions to be made.

AEC, Civil Service, TVA, VA, Justice and Treasury have gone far toward meeting the program's objectives; Commerce, HEW, Interior, Post Office, GSA and HHFA have a way to go; Defense, Labor, State, ICA, NSF, and USIA have a long way to go.

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E.O. 11652, Section 1
By GHC NLE, Date 8-11-76
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Several Cabinet members voiced their concern at the frequency with which the Comptroller General makes charges to the public or to the Congress that one Department or another is in the wrong. Upon investigation, these charges usually turn out to be false and irresponsible. The rectifications, however, never catch up with the original allegations and the agencies' reputations are thereby damaged, publicly and in the minds of Congress. There was very strong sentiment at the table that this kind of irresponsibility should be stopped. The President strongly sympathized with this, although he added that from his personal experience Mr. Campbell is personally very approachable. Director Stans promised that he would discuss this problem informally with the Comptroller General.

Expressing approval of the great progress made under this program since it began in 1948, the President asked that each department and agency head: (a) give active, top-side support to the total program; (b) promote broader understanding of the program's objectives; (c) require prompt remedial action in his agency where the program may be lagging; (d) make effective use of the financial information which the program generates; (e) apply the program with particular diligence to property inventory and contracting operations.

The Cabinet noted that the Director of the Bureau of the Budget will shortly send a personal communication to each department head with additional, specific suggestions as to how the respective Cabinet member can particularly assist in the achievement of the objectives of this program.

ADDITIONAL ITEMS:

A. Regional Boundaries - In conjunction with Item 3 above, Secretary Flemming quoted the Senate-House Conference report which, in effect, will try to prohibit him from making the regional boundary adjustments requested by the President in the interests of sound civil defense. The President said he should take the contemplated actions nevertheless; Dr. Flemming will pursue this matter further with the White House and the affected agency heads.

B. Financing the Highway Program - Sec. Anderson reviewed the House Ways and Means Committee action in proposing temporary bonds for highway financing. With the President's support, he spoke strongly against any kind of debt-financing of the highway program in a period of such prosperity as the country is now enjoying.

L. A. Minnich, Jr.

Copy to:
Mrs. Whitman (2)
Mr. Gray
Mr. Minnich

(Note: This account based on Mr. Patterson's summary memorandum prepared for General Persons' information and on the Record of Action.)

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THE WHITE HOUSE
WASHINGTON

July 30, 1959

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Friday, July 31

The following items are listed on the agenda for Friday's meeting:

1. Oceanography -- Status Report (Dr. Kistiakowsky and Navy Assistant Secretary Wakelin)

In February of this year the National Academy of Sciences--National Research Council published the first volume of the Report of its Committee on Oceanography.

At the end of April, the Federal Council for Science and Technology established a special Sub-Committee (chaired by Mr. Wakelin, Navy Assistant Secretary for Research and Development) to examine the National Academy's Report, and review our existing government programs in order that the Council, and later the Cabinet, could consider the magnitude of our over-all effort in this field. Recently, the Senate passed S. Res. 136 calling upon the Administration to develop a "well-balanced and coordinated expansion of scientific effort in this vital field." It is a field which will require thorough-going teamwork among many interested agencies, e. g., Navy, Coast and Geodetic Survey, AEC, Fish and Wildlife, Bureau of Mines, Weather Bureau, etc.

In view of the National Academy and the Senate actions, you could get press or other inquiries about this subject. The purpose of the Cabinet presentation is to acquaint you and the members of the Cabinet with oceanography's problems and potentialities.

2. Phase IV of OPERATION ALERT 1959

(Director Hoegh)

At the February 27 Cabinet meeting, the first three phases of OPERATION ALERT 1959 were agreed upon. A possible Phase IV -- a "buttoned-up" test of the protected sites -- was left pending further Cabinet discussion.

Governor Hoegh has now prepared the necessary briefing memorandum (in your book, under Tab 2) suggesting the Phase IV test on October 19-20.

3. Funding of the Delegate Agencies' Civil Defense and Defense Mobilization Functions

(Director Hoegh)

The House has just eliminated OCDM's "delegate agency" money under which the departments and agencies carry on planning and programming activities for civil defense and defense mobilization which are inseparable from their peacetime responsibilities (e.g., Labor's emergency manpower planning). The Administration has long felt that these activities are so inseparable that they should be funded and defended by the respective agencies; the House Appropriations Committee has insisted that all the individual funds be in a lump sum which it can whack at.

Bowing to the Committee, OCDM in recent years has submitted the delegate agency program in a lump sum package, and this year that lump sum has been totally cut off. Governor Hoegh wishes to make it a matter of agreement that for FY 1961 the individual delegate agencies will prepare, present and defend their respective parts of this program.

Since this matter directly affects many at the Cabinet table, Governor Hoegh has asked to speak to this point.

4. The Joint Program to Improve Accounting in the Federal Government

(Director Stans)

This program is a cooperative effort among all the government agencies to improve their accrual accounting, to sharpen their budget presentations on a cost basis, to improve the financial information available in the agen-

(continued next page)

4. (continued)

cies and to encourage more effective use of this information by the managers and operators of agency programs.

The program was dealt with by the second Hoover Commission.

Director Stans wishes to report to you and the Cabinet how this program is making out; he will indicate how the Hoover Commission recommendations have been implemented, and will recommend general ways in which agency heads can help make the common effort even more successful.

Bob

Robert Gray
Secretary to the Cabinet

ARCHIVAL BOND

[Mr Brad Patterson]

7/31/59

OCEANOGRAPHY

Navy Ass't Sec'y Wakelin's presentation at Cabinet - 7/31/59

What is oceanography?

Why is it important?

To whom is it important?

What is being done?

Oceanography is the study of the oceans. Involved are the sciences of physics, geophysics, biology, chemistry and geology.

The oceans are about three-fourths of the earth's surface. In its movements our atmosphere spends three-fourths of its time over water. The oceans are in constant motion. In this combination the oceans are like a great flywheel, a most important factor in controlling the distribution of heat and energy, moisture and food for the world.

The oceans are opaque. We cannot see through them even with radio or radar. Sound waves are absorbed and scattered. The oceans are as vast as that part of outer space adjacent to the earth. But space is transparent. It can be explored visually and by radio and radar. Costly as it is, exploration of near space is simpler in many ways than exploring the ocean deeps. These are some reasons why our knowledge of the oceans is meager.

It is easy to see why the oceans are of great importance to the Navy. We must operate in, on, and over the oceans.

To see why oceanography is important to all, let us consider some of the unsolved problems.

The oceans are the last great unexploited area of the world today. The oceans are largely international areas. We need not concern ourselves now with too much detail of the national claims around the ocean boundaries. We should note the tendency of nations to extend their claims offshore. For instance, Chile and Peru claim out to 200 miles. The Russians are attemptint to assert area claims such as the Sea of Okhotsk.

Aside from boundaries, we have had many conferences and treaties on the uses of the oceans, commerce, fisheries, and so forth. However, except for contiguous waters the resources of the oceans belong to those nations that learn to utilize them.

The exploitation of oceanic resources lies largely in the Department of the Interior. We might list these as

Food
Water
Mineral
Power

The food resources of the sea are as yet relatively untapped even though we take about 25 million tons annually of all kinds of sea food. The Bureau of Commercial Fisheries is continuously doing research to improve our utilization of this food source. As an interesting side light, when the herring catch off California dropped from hundreds of thousands of tons per annum to a few tons some years ago, oceanographers were asked to find out where the herring had gone.

The Bureau of Reclamation is carrying out research on the conversion of sea water to fresh water, and this unlimited source of water may soon be economical. The effect that this would have on our economy in the Southwestern and Western United States is beyond comprehension.

Private industry presently uses the minerals in sea water as a source of bromine and magnesium. It is certain that as our land resources are depleted, we will increasingly turn to the sea for other commercially important chemicals.

Minerals from the ocean bottom present a different problem. Research is proceeding to tell us how to acquire the manganese, cobalt and nickel from the great ocean depths where it exists in the form of nodules. The Bureau of Mines is interested in this problem as are many oceanographers.

Power from the seas may be obtained by using the oxidizing properties of sea water. If we can control nuclear fusion, the ocean can furnish cheap deuterium for fuel. Though impractical to date, we may some day learn to harness tides and waves.

The Department of Commerce, the Weather Bureau is greatly concerned with the study of the oceans, because, as I mentioned earlier, the atmosphere spends most of its time over the water. What happens to the air during this time? The meteorologists wrapped up in their forecasts have not been able to take this into account and perform research on the ocean atmosphere.

We know that the air takes on moisture over the oceans. We suspect that the oceans radiate less heat than the land, but we do not know how much. We know the climates of Japan, Great Britain, and our coasts are modified by the great ocean currents, but we have only a dim understanding of the exchange processes by which this must occur. We have learned that the cumulus cloud over the sub-tropical waters of the world is very likely responsible for carrying large quantities of moisture and heat into the upper air. The cumulus cloud may be the father of all clouds since it looks probable that this is the way most of our heat and moisture gets into the upper air where it is distributed over the world. Certainly, the long term world climate is regulated by the large heat reservoir of the oceans, and we know little about the deep ocean currents which store and distribute the greatest share of this energy. So much for the weather and climate. We obviously must do a vast quantity of research in the air over the seas if we are to markedly improve our forecasts alone, not to mention the eventual achievement of weather modification.

Ocean transportation is almost everyone's concern. The U. S. Coast and Geodetic Survey must keep track of shifting coastlines caused by tides, currents and wave action. The Coast Guard must predict the movement of ice in the northern sea routes. The Navy Hydrographic Office and the Weather Bureau both perform the service of routing ships so that time and money will be saved. The problem of ship routing is summarized in this
(1) first chart which shows some of the factors. We must conserve travel time, keep ship and crew damage at a minimum, consider passenger comfort and

fuel consumption. The Maritime Administration and the Navy are both doing research on ocean waves so as to improve ship design for ocean travel. All these fields of oceanography need accelerated programs of research.

The problem of disposing of atomic waste at sea primarily belongs to the Atomic Energy Commission. The Bureau of Commercial Fisheries and the Public Health Service are involved because of the effect it might have on food from the sea. The Navy and Maritime Administration will be increasingly involved as the use of nuclear powered ships becomes more prevalent.

(2) The next chart shows the possible fate of atomic wastes which are dumped into ocean basins. Much research must be done, before any of the processes shows here can be known in detail.

At the present time the most serious problem we face is the detection of submarines. This problem obviously is the Navy's concern, but its solution or lack of solution affects us all.

The USSR has six hundred submarines. The possible combination of atomic warhead missiles and our own difficulties in detecting submarines makes this large number of submarines a formidable threat. I mentioned in my introduction that the ocean was opaque. In almost every way we try to detect submerged submarines we find that we cannot achieve transmission satisfactorily. As in the case of sunlight, we have learned that the ocean soaks up or scatters sound waves, radar waves and other forms of radiation used in detection. Only in the case of low frequency sound have we been able

to penetrate the opaqueness of the ocean for any distance. In this instance,
work is going ahead full pace to utilize both passive listening and active
(3) ranging in the lower frequencies. The next chart shows one difficulty we
face due to temperature layers in the ocean. Here the sound rays are bent
in different directions causing the formation of shadow zones which can
allow the submarine to pass undetected. This is one of the simplest factors
in the detection business. We only know slightly the effects of bottom types
and contours on sound propagation. We have no adequate picture of the
prevalence and distribution of natural noises in the sea, through and over
which we must work with our electronic devices. We do know that the
ocean is noisy. How, why, and under what circumstances and distribution,
we have little more than a suspicion. We call this noise background, and
out of this racket we must select a signal given off by a submarine.

This is hard to achieve electronically when we know so little about our medium.

A final word on the Navy's interest in oceanography. Our knowledge about the entire oceanic medium is entirely inadequate. Because of this, we support a broad basic research program in oceanography in which we are investigating most aspects of the ocean.

This broad treatment of some of the larger problems may give you some feeling for the importance of oceanography to the nation.

We should not always measure our plans by what the Russians do. We can, however, derive a measure of the importance of the oceans by examining briefly the Russian effort.

It is obvious that the Communists have decided it is to their military and economic advantage to become prominent in all branches in oceanography. In the short space of five years, that country has evolved to the point of world leadership in its coverage of the oceans.

(4) Look at the chart of their IGY coverage. The IGY provided an excellent excuse for them to appear all at once in the science. Note the track down our West Coast which was NOT in the original planning agreed to at international conferences. We were advised of this change after planning was complete. We can take this as an indication that they are motivated by reasons other than international cooperation, since we already had this area adequately covered by our own ships.

If we compare the quality and quantity of our present research fleet
(5) with theirs, the result is astounding. Here is a picture of the S. F. BAIRD of the Scripps Institution of Oceanography -- which, until the last few months, was the pride of our oceanographic fleet. She is a converted tug with a displacement of 505 tons, and she carries 18 scientists in cramped quarters.
(6) Compare her with the MIKHAIL LOMONOSOV, a 5960 ton ship designed specifically for oceanographic research. She carries 64 scientists and has 16 well-equipped laboratories on board.

Mind you, this comparison is only one of quality. If we examine the
(7) quantity, the situation is even worse. This next chart shows how the U. S. research fleet stacks up against other countries. It is apparent that the

Russians far outdo us in both quality and quantity. There is one error on this last chart which I am proud to point out. That is, earlier this year the Navy converted two ships into oceanographic research ships. These are a 2700 ton sea plane tender and an 1800 ton salvage ship. This represents, in part, some of the Navy's efforts to overcome this great gap in capabilities between the United States and Russia.

It would be naive to think the USSR cannot do good research in oceanography.

So we find ourselves in active competition with the USSR in military, economic and scientific exploration of the seas. It is not this competition that is important, but the fact that the USSR also realizes the vast potentialities of the sea and the advantages to be gained by the nation which learns to utilize them to their fullest extent.

Further, Russia is a land power, a continental power with her allies in communication by land. We are a sea power, and the seas we must use mutually with our allies to sustain each other.

What are we as a nation doing to develop this potentiality? We have not been entirely idle. For the past two years, representatives of the Navy, National Science Foundation, Atomic Energy Commission, U. S. Fish & Wildlife Service, and the U. S. Coast and Geodetic Survey have been meeting informally once a month as the Coordinating Committee on Oceanography.

This group has discussed mutual problems of research and administrative procedures to attempt to broaden and expand our investigations of the oceans. Early in the first year, it became obvious that the scientific community had to be called into our deliberations in an acceptable fashion. We then banded together to sponsor and establish with the National Academy of Sciences, the National Committee on Oceanography. This group included not only some of the country's leading oceanographers, but also leading scientists and men from other fields. For about 18 months, the group deliberated on the problems facing the science of oceanography and came up with recommendations as to what we should do about them. These recommendations are contained in the Academy report entitled, "Oceanography 1960 to 1970". It is comprehensive and lists the magnitude of expansion we should be prepared to support. The recommendations are far too numerous to give in detail here. I would like to give you a feeling for their magnitude. They have recommended that over a ten-year period the Federal Government should spend 650 million dollars for oceanography. This amount covers the cost of 70 new research ships, their operation and the shoreside facilities necessary to support them. It also includes the cost of educating new people and many important specialized research programs. About 40% of this figure is for basic research in the marine sciences, the foundation on which the whole of oceanography is based. The report stresses the importance of a planned program in developing our oceanographic capabilities and the need for us to get on with this now to avoid wasteful "crash" programs which will be an only alternative.

While this report was being written by the Academy, the urgency of the Navy's problems alone precluded awaiting its completion. We were faced with problems in antisubmarine warfare and Polaris operations which, by themselves, could utilize the efforts of every oceanographer in this country. An expansion of our capabilities was an obvious necessity. Like the Academy Committee, we recognized the need for an orderly acceleration of our work - we were limited by the number of adequately trained people. Accordingly, the Office of Naval Research developed a program known as TENOC to signify ten years of realistic and intensive concentration on oceanography. This plan was approved by Admiral Burke on the first day of this year, and he has made every effort to insure that it will be carried out throughout the Navy. In the plan as illustrated by this (8) chart, we recommend that the Navy expand the number of scientists working on their programs at a rate of 10 percent per year for the next decade. We have recommended a ship construction program of nine 1200-ton and four 2500-ton ships at a cost of 50 million dollars to be spread over ten years. We have recommended increased laboratory space, and research funds, and pier facilities. The total program is somewhat in excess of that which the Academy Committee has recommended the Navy spend on oceanography.

As an illustration that the Navy intends to carry its share of the responsibility, I would like to point out that we have already authorized the conversion of 3 Navy ships to research ships as a stop-gap procedure. As I have mentioned, two of these are now in service as of early this year, and the third is in the process of conversion. We have one new 1200-ton oceanographic research ship in the Navy's fiscal 1960 shipbuilding program. This will be the first U. S. ship designed specifically for oceanographic (9) research in 30 years. This is the artist's conception of how it will look. We hope to have bids out on it within a month.

In addition to this planned expansion in basic research by the Navy, we intend to develop similar programs in the applied military aspects and in hydrographic surveying.

The Navy is not alone in this planning. Other agencies such as the Bureau of Commercial Fisheries and the Coast and Geodetic Survey have plans for accelerating their programs. These are all being developed in close coordination to achieve maximum efficiency for the dollar spent.

You may wonder what the reaction has been to these various plans. First, let me tell you of the reaction of Congress. In the Senate, Senator Jackson from Washington, who has long been an advocate for more research on the oceans, has heartily endorsed both the Academy and TENOC reports. Senator Magnuson, also from Washington, has only recently introduced Resolution 136 concurring in the Academy report and commending the Navy and other agencies for taking action on this issue. Senator Magnuson's

Committee on Interstate and Foreign Commerce has indicated an active and continuing interest in this subject. Other Senators have shown their interest by sitting in on some of the National Academy Committee meetings. In the House of Representatives there has been formed under the Merchant Marine and Fisheries Committee a Sub-Committee on Oceanography. This is chaired by Mr. George Miller from California and has been holding hearings on oceanography for several months. The Committee has indicated that where legislation is needed, they intend to originate it.

In addition to our Legislative Branch, the Executive Branch has also reacted to these reports. The Chairman of the President's Science Advisory Committee has requested that a sub-committee on oceanography be formed to study the report and recommend to the Federal Council on Science and Technology through the Standing Committee on Science what steps need to be taken to insure that oceanography retains its eminence in this country.

I am the Chairman of this sub-committee, and its members consist of the leading scientists or heads of the federal agencies primarily concerned with the oceans. It is anticipated that through this group a well coordinated program of oceanography for the nation will quickly emerge. Much of the Basic work has already been done.

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STANDARDS FOR OPERATION ALERT 1959

ANNEX III

GUIDELINES FOR THE NATIONAL RELOCATION EXERCISE

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF CIVIL AND DEFENSE MOBILIZATION

For OFFICIAL USE ONLY

FOREWORD

The Standards for Operation Alert 1959 issued February 25, 1959, announced a series of exercises that comprise this year's Operation Alert. Annex I furnished guidance for the Civil Defense Alert Exercise held on April 17 - 18, 1959. Annex II, issued March 25, 1959, furnished guidance for the Local, State and Regional Exercise.

This document furnishes guidance for the National Relocation Exercise to be held August 24 to 28, 1959. The National Relocation Arc will be activated August 24, 25 and 26 and Seminar Evaluation Groups will be convened at the OCDM Relocation Site August 27 - 28, to prepare the final evaluation report. The findings of the Final Seminar will be presented to the Cabinet at a date to be announced.

Leo A. Hoegh

Leo A. Hoegh, Director
Office of Civil and Defense Mobilization

Issued July 9, 1959.

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STANDARDS FOR OPERATION ALERT 1959

ANNEX III
NATIONAL RELOCATION EXERCISE

SECTION I
GENERAL GUIDELINES

I. Purpose. The purpose of these instructions is to describe the operations during the National Relocation Exercise, consistent with the primary objectives for Operation Alert 1959.

II. Scope. Instructions and phasing of Operation Alert have been developed in order to concentrate on major problems with particular emphasis on the operational and resource management areas. The exercise at the national relocation sites will be a staff exercise dealing with substantive problems as developed from the prior exercises at the local, State and regional level. Other problems, national in scope, which did not arise in the play of the earlier phases of the exercise will also be developed and considered, as appropriate. The post-attack period will be D to D+90. The cut-off situation played in the local, State and regional exercise does not apply in the National Exercise; the only restriction imposed is the damage resulting from the simulated attack.

In considering the problems that arose in the prior exercise, agencies will evaluate the effectiveness of the actions at the local, State or regional level in order to prepare for the evaluation phase on August 27-28.

Those agencies not having a major responsibility for resource management will consider their current readiness to carry out their mobilization and other statutory responsibilities both at the departmental level and in the field.

In the period between the regional exercise (July 8 - 10) and the National Relocation Exercise (August 24 - 26) evaluation reports from the regions will be reviewed and problems identified for play in the national exercise. These will include the problems which have not been completed at regional level or other problems requiring national decision. The data will be developed on the basis of the packaged material submitted from the OCDM regional offices and will be coordinated with the information developed by the field offices of the various departments and agencies. OCDM will submit to all appropriate departments and agencies the reports or summaries of the reports received from the OCDM regional offices. These should be received by each department and agency by August 17, 1959.

Annex II, Section I, Standards for Operation Alert, outlines the play of the preceding exercise as:

1. Determining to what extent major operational and resource requirements could be met during the period covered by their respective exercise from sources available to that level.

2. Determining those instances where outside support will be necessary and identifying the time, on a D plus basis, when such support would first be required.

3. Determining to what extent and where applicable resources can be made available to other areas and at what time such resources could be furnished.

4. Recommending changes in policies, regulations, etc., to make the post-attack job more manageable.

III. Responsibilities.

OCDM, in this exercise, will test and evaluate the effectiveness of emergency plans to carry out post-attack operational assignments as outlined in the "Policy and Operational Guidelines for Operation Alert 1959."

Each department and agency in turn will test and evaluate its ability to carry out its post-attack operational assignments as outlined in the "Policy and Operational Guidelines for Operation Alert 1959." These assignments include agency assignments in a civil defense emergency and agency assignments relating to other statutory responsibilities under post-attack conditions.

Agencies will staff their relocation sites with an appropriate complement to carry out their responsibilities in the exercise and to develop recommended courses of action necessary to improve the nation's non-military readiness for consideration at the Evaluation Seminars on August 27 - 28.

Federal agencies assigned to the OCDM Relocation Site will furnish to the Director of the Classified Site by August 1, 1959, names of personnel assigned to the site for the exercise.

SECTION II

ADMINISTRATIVE GUIDELINES

I. Activation of Relocation Sites--National Level. Federal agencies' relocation sites will be activated for the three-day period of August 24-25-26. It is recommended that sites which were approved by the Cabinet on June 5, 1959, as hardened sites, be utilized. Where sites have joint occupancy, the original agency at those specific locations should be considered the parent agency in arranging for use of space, sharing of operating cost for the exercise, etc. Agencies relocating at sites jointly occupied will contact the parent agency to work out necessary arrangements.

II. Staffing and Hours of Duty. Each agency will have sufficient staff at its site to begin operations at 8:30 a.m., EDT, August 24th. The exercise play will be conducted during a normal work day, 8:30 a.m. to 5:00 p.m., EDT. Each agency will determine the scope of its daily operations outside of normal working hours taking into consideration the workload that must be performed.

The exercise will close at 4:00 p.m., EDT, August 26th.

III. Duty Officer Watch. A duty officer watch will be maintained during off-duty hours.

IV. Communications. Communications for the relocated government agencies will be those of the Interagency Communications System. Standard Interagency Communications System operating instructions will govern these operations. Messages which are a part of the exercise should be identified at the beginning and at the end of the text with the words EXERCISE OPAL 59 to differentiate from messages relating to current operations. Interagency Communications System will develop necessary directories for the exercise. Referral of problems for action between agencies should be by teletype message for record purposes.

V. Transport and Mail Service. There will be no scheduled motor transport service or U. S. Official Mail or Messenger Carrier service between the sites in the arc. The Joint Air Transportation Service will be operational during Operation Alert 1959. For detailed instructions, see attachment I, Air Transportation Service, Operation Alert 1959.

VI. Public Information. Because of the nature of the national relocation arc exercise, there will be no requirement for staffing of public information offices for the individual agencies. OCDM will provide an information release center for any public information releases on the exercise.

SECTION III
EVALUATION

I. Purpose. The purpose of this section is to outline the procedures to be used in evaluating Operation Alert 1959.

II. Objectives. The objectives of the evaluation are:

1. Identify areas where civil defense and defense mobilization readiness must be improved and recommend corrective action.

2. Measure the training received by personnel in their emergency roles and responsibilities.

3. Determine capability, at all levels, to implement and carry out operating plans.

4. Identify weaknesses in the working relationship between Federal and non-Federal government entities at local, State and regional levels and recommend actions necessary to improve these relationships.

5. Identify weaknesses, at all levels, of plans to manage resources under attack conditions.

III. Scope. The evaluation of Operation Alert 1959 will be performed by a series of seminars culminating in recommendations to the Director of OCDM for submission to the Cabinet for consideration and action.

1. Time--10:00 a.m., Aug. 27 to 5:00 p.m., EDT, Aug. 28

2. Place--OCDM Classified Location

3. Organization of Seminars

   a. The seminar organization for the evaluation of Operation Alert 1959 will consist of four major seminar groups, as follows:

      (1) Seminar Group--Plans and Operations
      (2) Seminar Group--Training, Education and Public Affairs
      (3) Seminar Group--Resources and Production
      (4) Seminar Group--Health

b. Each of these seminar groups will be supported by a number of seminar committees, as follows:

(1) Plans and Operations (Seminar Group)

Seminar Committees

(a) Federal Readiness

1. Effectiveness of policy guidance
2. Status of unresolved problems of OPAL 1958
3. Status of emergency plans, operations, alerting, identification, emergency assignments
4. Program or policy recommendations

(b) Regional, State and Local Readiness

1. Status of regional emergency plans
2. Relationship of State Survival Plans to operating plans
3. Status of local emergency plans
4. Program or policy recommendations

(c) Operating Communications and Warning

1. Effectiveness
2. Technical operating aspects of "Conelrad" (coverage, etc.)
3. Program or policy recommendations

(d) Radiological Defense

1. Status of monitoring program
2. Status of equipment
3. Status of reporting information
4. Program or policy recommendations

(e) Operation Alert 1960

(2) Training, Education & Public Affairs (Seminar Group)

Seminar Committees

(a) Public Participation

1. Extent
2. Highlights
3. Weaknesses
4. Program and policy recommendations

(b) Conelrad

1. Status of emergency planning
2. Effectiveness of dissemination of survival information to the public
3. Program and policy recommendations

(c) Media Readiness

1. Capability to disseminate information to the public
2. Status of emergency operation plans of media
3. Program and policy recommendations

(3) Resources and Production (Seminar Group)

Seminar Committees

(a) Stabilization
(b) Telecommunications
(c) Manpower
(d) Fuel and Energy
(e) Production and Materials
(f) Housing and Construction
(g) Transportation
(h) Food
(i) Water Resources

(4) Health (Seminar Group)

Policy and operational problems in the health field

4. Method of Operation

   (a) Seminar Committee--Composed of representatives from departments and agencies with responsibilities in the program areas and chaired by the appropriate OCDM Deputy Assistant Director.

   (b) Seminar Groups--Composed of the representatives from departments and agencies with responsibilities in each program area and chaired by the appropriate OCDM Assistant Director and Director of Health Services.

   (c) Final Seminar--Composed of the heads of departments or agencies, including emergency agencies, or their designated representatives, chaired by the Director, OCDM.

   (d) The Seminar Committee Chairmen will report their findings to the Seminar Groups the afternoon of the 27th.

   (e) The Seminar Group Chairmen will report their findings to the Final Seminar the afternoon of the 28th.

   (f) The Final Seminar will decide what matters will be included in the Report to the Cabinet.

IV. Responsibilities.

The Office of Civil and Defense Mobilization will be responsible for arrangements for, and the operations of, the seminar evaluation committees and groups, and will assign supporting staffs to the seminar committees and groups.

Each department and agency is requested to determine seminar committees and groups on which they desire representation and to furnish such recommendations to OCDM by August 1, 1959.

Since each agency will undoubtedly have recommendations to make as a result of the exercise, it is suggested that the representatives on the various Seminar Committees be prepared to present such recommendations to the Seminar Committees on August 27th.

Attachment 1

AIR TRANSPORTATION SERVICE
OPERATION ALERT 1959

The Joint Air Transportation Service will be implemented during Operation Alert 1959 as follows.

Beginning 8:30 a.m. (EDT), August 24th, on-call air transportation will be available under terms and conditions outlined below. This capability will be maintained until the exercise is terminated.

Scheduled operations will be established only if conditions and requirements warrant. You will be advised of the schedules as established.

General Information:

a. The Joint Air Transportation Service was designed primarily to provide air transportation for vital movements during emergency conditions. Since it is a limited service, requests should be submitted consistent with the purpose of the service.

b. Requests for Air Transportation Service for the following days should be submitted to the OCDM Classified Site no later than 2100 (9:00 p.m. EDT), the previous day. This will not preclude emergency requests at any time; however, with the limited facilities available, it is urgent that such requests be held to the bare minimum.

c. Requests for service should include number and names of passengers, pick-up point, priority assigned to mission, destination and time scheduled to be at destination, plus any additional information to assist in establishing schedule.

d. Agencies utilizing the Air Transportation Service will prepare passenger manifests. Two copies will be provided for the pilot of the aircraft and one copy retained by the agency. OCDM will prepare all manifests for departures from the OCDM Classified Site.

e. Transportation between a specific agency relocation site and a designated pick-up point is the responsibility of the requesting agency.

f. Requests of agencies other than the Department of Defense shall be made to OCDM Classified Site extensions (241, 242).

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF CIVIL AND DEFENSE MOBILIZATION
WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

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JUL 8 1959

The President
The White House
Washington 25, D. C.

Dear Mr. President:

In March the plans for Operation Alert 1959 were approved with the exception of a possible Fourth Phase, a test of protected sites, to be held during October.

In the intervening period, policy decisions have been made on hardening the relocation arc and the utilization, as an interim measure, of High Point as the operating Command Post for many executive agencies.

With your permission, I would like to suggest a familiarization test of the underground site at High Point to be held October 19-20. This would involve the heads of all departments and 25% of the agencies' emergency staffs designated to operate from High Point. They would leave their Washington offices at 10:30 a.m. on October 19 and conduct an exercise that would close at 4:00 p.m., October 20.

This would replace the proposed Fourth Phase of Operation Alert. The construction contract for the underground will have been completed and I feel that it would be very timely to test our plans for operations at High Point.

Respectfully,

Leo A. Hoegh

1. By EO: certain depts are delegated CD + DM responsibilities — Labor — Agr — Commerce — HEW — [illegible]

3. This yr OCDM submitted a consolidated budget for all agencies + depts — 12.7 m — as had been directed.

THE CABINET

STATUS OF APPROPRIATIONS TO FEDERAL AGENCIES FOR THE SUPPORT OF THEIR CIVIL DEFENSE AND DEFENSE MOBILIZATION ASSIGNMENT

ON JUNE 25, 1959, THE HOUSE APPROPRIATIONS COMMITTEE, CHAIRED BY MR. THOMAS, REPORTED AS FOLLOWS:

"THE REQUEST FOR AN ADDITIONAL $12,000,000 FOR ~~SALARIES AND EXPENSES~~ FOR ALLOCATION TO VARIOUS FEDERAL AGENCIES AND DEPARTMENTS FOR FINANCING DELEGATED RESPONSIBILITIES UNDER THE CIVIL DEFENSE PROGRAM HAS ~~ALSO~~ BEEN DISALLOWED. THE COMMITTEE DOES NOT BELIEVE THAT THESE RESPONSIBILITIES ARE SO DISSIMILAR FROM THE REGULAR FUNCTIONS OF THE AGENCIES THAT THEY SHOULD REQUIRE SUPPLEMENTAL FUNDS." ~~IF AN AGENCY IS NOT ABLE TO ADMINISTER THESE DELEGATED ACTIVITIES AS PART OF ITS NORMAL OPERATIONS, THE OFFICE OF CIVIL AND DEFENSE MOBILIZATION CAN PROVIDE A LIMITED AMOUNT FROM ITS REGULAR APPROPRIATION."~~

2 FY 1959 — Each Dept + Agency made their own requests — Congress objected —

ON JUNE 29TH DURING THE HOUSE DEBATE, CONGRESSMEN PRESTON (GEORGIA), BOW (OHIO), AND LAIRD (WISCONSIN) TOOK EXCEPTION TO THE PROCEDURE WHEREBY THE CHAIRMAN OF THE FULL COMMITTEE ON APPROPRIATIONS HAD DIRECTED THE SUBCOMMITTEES TO TAKE OUT OF ALL APPROPRIATION BILLS THOSE ITEMS RELATING TO CIVIL DEFENSE AND MOBILIZATION, AND THEN TO DISALLOW THE ENTIRE AMOUNT. THEY REFERRED PARTICULARLY TO THE BUSINESS DEFENSE SERVICES ADMINISTRATION PROGRAM IN THE DEPARTMENT OF COMMERCE. DURING THE DEBATE, MR. THOMAS AGREED TO SEE THAT THE $1,700,000 FOR BDSA WOULD BE RESTORED IN CONFERENCE BUT MADE NO MENTION OF THE BALANCE OF THE $12,000,000.

~~IN ORDER TO AVOID PREJUDICING OUR POSITION IN CONFERENCE, WE DELIBERATELY AVOIDED A FLOOR FIGHT IN THE HOUSE.~~ ~~I~~ We HAVE SUBMITTED OUR APPEAL TO THE SENATE FOR FULL RESTORATION OF THE ORIGINAL $12,000,000 REQUESTED. THIS IS A SOUND REQUEST

WHICH HAS BEEN WELL CONCEIVED, AND WELL SUPPORTED BY EACH DEPARTMENT AND AGENCY.

WE APPEARED BEFORE THE SENATE APPROPRIATIONS COMMITTEE ON JULY 16. ~~BUT AS YET HAVE RECEIVED NO OFFICIAL REACTION~~. Late yesterday we learned that the Senate restored 3,650,000 of the 12 M $ — "to be used for the going programs of the 7 agencies with no ~~[illegible]~~ allowance for the new programs.

3. THE HISTORY OF APPROPRIATIONS FOR FEDERAL AGENCY PREPAREDNESS IS A PROCEDURAL TRAGEDY. I REPORTED THE PROBLEM TO THE CABINET ~~ON OCTOBER 15~~ in, 1957. AS A RESULT THE DIRECTOR OF THE BUREAU OF THE BUDGET NOTIFIED ALL AGENCIES ON SEPTEMBER 17, 1957, THAT "DEPARTMENTS AND AGENCIES WILL INCLUDE, AS A PART OF THEIR REGULAR 1959 BUDGET ESTIMATES, FUNDS NECESSARY TO FINANCE ALL THEIR CIVIL DEFENSE AND DEFENSE MOBILIZATION FUNCTIONS."

THIS ~~APPARENTLY~~ DID NOT SATISFY THE CONGRESS AND THE PROCEDURE WAS CHANGED legislat. ~~DURING THE FCDA-ODM MERGER HEARINGS BEFORE THE HOUSE COMMITTEE ON GOVERNMENT OPERATIONS~~

~~ON MAY 6, 1958.~~ AT THAT TIME THE BUREAU OF THE BUDGET AGREED THAT A CONSOLIDATED BUDGET WOULD BE SUBMITTED BY OCDM.

IT NOW APPEARS THAT WHATEVER PROCEDURE IS FOLLOWED IT WILL NOT BE ACCEPTABLE TO SOME SUB-COMMITTEE OF CONGRESS. FOR EXAMPLE, WE KNOW THAT THE APPROPRIATIONS SUB-COMMITTEE HANDLING HEW AND LABOR HAS REPEATEDLY ADMONISHED THOSE AGENCIES NOT TO SPEND ANY OF THEIR REGULAR FUNDS FOR CIVIL DEFENSE AND AT THE OTHER EXTREME WE FIND THE SUB-COMMITTEE HANDLING AGRICULTURE APPROPRIATIONS DISPOSED TO ENCOURAGE ITS INCLUSION IN THE REGULAR BUDGET.

~~IN A FEW DAYS NOW WE SHOULD KNOW THE final FATE OF OUR CONSOLIDATED APPROPRIATION REQUEST AND I WILL THEN COME BACK, IF CONGRESSIONAL ACTION REQUIRES, TO THE CABINET WITH A RECOMMENDATION FOR FUTURE ACTION.~~

SUMMARY OF ESTIMATES

Activities	1958	1959	1960
Department of Agriculture	$. . . .	$. . . .	$ 477,000
Department of Commerce	* 253,100	* 250,000	2,957,000
Department of Health, Education and Welfare	. . . .	80,000	4,500,000
Housing and Home Finance Agency	. . . .	60,000	275,000
Department of the Interior	*. . . .	*. . . .	500,000
Department of Labor	. . . .	85,000	2,229,000
General Services Administration	*. . . .	*. . . .	760,000
Post Office Department	*. . . .	*. . . .	177,000
Federal Aviation Agency	. . . .	. . . .	125,000
Corps of Engineers	. . . .	25,000	. . . .
Grand Total	*$253,100	*$500,000	$ 12,000,000

* Additional obligations for these activities in prior years are reflected in appropriation accounts of the Department or Agency concerned, as follows:

	1958	1959
Department of Commerce	$1,768,333	$1,781,515
Department of Interior	249,659	370,550
General Services Administration	237,600	760,000
Post Office Department	12,036	12,899
Total	$2,267,628	$2,924,964

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CI - 57-50

October 15, 1957

The White House
Washington

THE CABINET

Policy on Budgeting for Mobilization and Civil Defense Preparedness Activities.

For information of Cabinet Members, attached is copy of paper prepared by the Director of the Office of Defense Mobilization.

The paper states the policy on the above subject agreed upon by the Bureau of the Budget, the Office of Defense Mobilization, and the Federal Civil Defense Administration with the concurrence of the Defense Mobilization Board and provides the background which led to the adoption of the policy.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER

For Information

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The White House

Washington

THE CABINET

Policy on Budgeting for Mobilization and Civil Defense Preparedness Activities.

Purpose:

The purpose of this paper is to inform Cabinet Members of the uniform policy agreed upon by the Bureau of the Budget, Office of Defense Mobilization, and the Federal Civil Defense Administration, with the concurrence of the Defense Mobilization Board and the Civil Defense Coordinating Board, for financing mobilization and civil defense functions of Federal agencies, including such functions "delegated or assigned" by ODM and FCDA.

Policy:

The policy, as contained in a letter of instructions issued by the Bureau of the Budget, copy attached, is summarized as follows:

a. Federal Departments and agencies will budget for their mobilization and civil defense functions as a part of their regular budget estimates, beginning with FY 1959. In so far as practicable, fund requirements will be included within the existing appropriations and activity structure. Each Department and agency will formulate and be prepared to justify its specific functions and dollar requirements both before the Bureau of the Budget and the Congressional committees.

b. ODM and FCDA will give general assistance to agencies, on request, in the development of budget estimates for mobilization and civil defense functions. FCDA and ODM will prepare and present to Congress a consolidated government-wide explanation of the civil defense and mobilization functions to be performed and the dollar requirements therefor on the basis of figures supplied by the agencies after receipt of budget allowances. They will provide supporting testimony as to the relationship between specific agency functions and the total nonmilitary defense program.

c. The Bureau of the Budget, in concert with the Office of Defense Mobilization and the Federal Civil Defense Administration, will advise Congressional committees of the policy and the basis for the presentation of the nonmilitary defense segment of the FY 1959 budget.

Background:

1. The above policy was promulgated to establish a clear understanding among Executive Branch agencies and with Congressional committees on responsibility for budgeting for mobilization and civil defense functions, and on the method of presentation of the budget requirements for nonmilitary defense programs.

2. There has been a prevalent misconception that agencies in carrying out mobilization and civil defense preparedness activities, pursuant to delegations from ODM and FCDA, are performing ODM and FCDA functions, and that ODM and FCDA should budget for such functions. In general, each agency's mobilization and civil defense functions are directly related to the subject matter of its normal jurisdiction, Delegations by ODM and FCDA have been made to agencies in accordance with the subject matter of each delegate agency's normal jurisdiction.

3. Congressional committees have, at times, requested ODM and FCDA to prepare and present budgets for total integrated programs, and, at other times, have stated that there is not sufficient difference between normal programs of delegate agencies and mobilization and civil defense activities to warrant requests by a central agency for such activities.

4. The policy followed by ODM has been that it is the responsibility of each agency to budget for its mobilization preparedness functions, including those identified in a delegation or assignment.

5. The policy followed by FCDA was the same as that followed by ODM until requested by the House Appropriations Committee in 1955 to submit a consolidated request for funds in support of all its delegated functions. Since then, FCDA has budgeted for such functions and allocated funds to delegate agencies.

6. The above-described divergent budgeting policies for mobilization and civil defense functions have brought about the following results:

a. Inadequate consideration of the need for funds in support of mobilization and civil defense functions;

b. Failure to appropriate funds for FY 1958 in support of civil defense functions delegated by FCDA, notwithstanding the fact that agencies did not separately budget for such functions; and,

c. Queries from Congress as to why ODM has not adopted a similar policy of budgeting for mobilization functions delegated by it.

7. The advantages to the cause of national security in adopting a uniform policy whereby each agency budgets for its mobilization and civil defense functions are many; among which are:

a. The agency performing the function is in the best position to estimate costs and defend its estimates; and,

b. If the agency's budget is reduced, defense and nondefense activities may share proportionately, whereas, if the central agency's request for funds in support of mobilization and civil defense functions are eliminated, nonmilitary defense activities are seriously jeopardized.

8. The new policy will provide Congress with information as to the total magnitude of nonmilitary defense activities and the relation of one agency's activities to the total nonmilitary defense program, which is believed to be the basis for Congressional committee requests that the central agency budget for delegated functions, notwithstanding the recognition that such functions, for the most part, are inseparable from the subject matter of normal functions of agencies.

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September 17, 1957

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS CONCERNED

SUBJECT: Financing civil defense and mobilization functions

Recent meetings of the Civil Defense Coordinating Board and the Defense Mobilization Board have been devoted to a discussion of methods of financing the civil defense and mobilization functions of Federal agencies. The Federal Civil Defense Administration and the Office of Defense Mobilization are in agreement that such functions should be budgeted for as a part of the regular budget estimates of the agencies involved. It is believed that the method of presentation outlined below will go far to meet the objections which Congress has had to previous presentations. The Bureau of the Budget, in concert with Federal Civil Defense Administration and Office of Defense Mobilization, will undertake to advise congressional committees of the way in which these functions have been handled in the 1959 Budget and the reasons therefor. The purpose of this letter is to set forth instructions for the preparation and submission of the 1959 budget estimates for these nonmilitary defense functions.

Departments and agencies will include, as a part of their regular 1959 budget estimates, funds necessary to finance all their civil defense and mobilization functions. Unless separately identifiable and a significant part of the agency program, fund requirements should be included within existing appropriations and activities. The Federal Civil Defense Administration and the Office of Defense Mobilization will give general assistance to agencies, on request, in the development of budget estimates.

It is expected that each agency will formulate and be prepared to justify the specific functions and dollar requirements, both before the Bureau of the Budget and the congressional committees. Federal Civil Defense Administration and Office of Defense Mobilization will present a consolidated governmentwide explanation of the functions to be performed and the dollar requirements therefor on the basis of figures supplied by the agencies after receipt of budget allowances. The Federal Civil Defense Administration and the Office of Defense Mobilization will also be prepared to appear in support of such activities and testify as to the necessity of these specific agency functions as a part of the total nonmilitary defense program.

s/ Percival F. Brundage

PERCIVAL F. BRUNDAGE
Director

CABINET PAPER

For Information

CP - 59-79/1

June 1, 1959

The White House

Washington

THE CABINET

Coordinated Regional Boundaries for Civil Defense and Defense Mobilization

The attached approved paper is circulated for the action of the Departments and Agencies named or affected herein; implementation is to be under the coordination of the Director of the Office of Civil and Defense Mobilization.

The contents of this paper and its attachment have received the approval of the President at the Cabinet meetings of March 25, 1955 (RA - 17, Item 5); August 23, 1957 (RA - 57-83, Item 4); April 25, 1958 (RA - 58-103, Item 3); October 8, 1958 (RA - 58-118, Item 1(a)ii); and May 1, 1959 (RA - 59-131, Item 4).

Attention should be called as necessary to subparagraph 4(h) of RA - 59-131.

Robert Gray
Secretary to the Cabinet

ARCHIVAL BOND

CP - 58-79/1

June 1, 1959

The White House

Washington

THE CABINET

Coordinated Regional Boundaries for Civil Defense and Defense Mobilization

Problem: Should coordinated regional boundaries be established for agencies having major responsibilities for civil defense and defense mobilization? If so, (1) is the proposed eight-region pattern appropriate? (2) at what time should affected agencies put into operation the coordinated regional pattern?

Discussion: At the Cabinet meeting on August 23, 1957, the President requested the Director of the Office of Defense Mobilization to work with the Director of the Bureau of the Budget in an endeavor to recommend revised Federal agency regional boundaries which are more consistent with the needs of mobilization planning.

Representatives of the Office of Civil and Defense Mobilization and the Bureau have explored the issues and problems involved with representatives of the Department of Defense and the principal delegate agencies of OCDM. The advantages of coordinated boundaries for the agencies having civil defense and defense mobilization activities are widely recognized by representatives of these agencies. They also recognize that these advantages can be realized only if regional boundaries are realigned before an emergency arises.

The Directors of OCDM and the Bureau agree, with the concurrence of Defense, that the boundaries of Army Command Areas should be coordinated with the regional boundaries of civilian agencies, since the Army Commands have the field responsibility for civil defense planning in the Department of Defense and for coordinating the use of military resources that are available to support civil authorities in the event of domestic emergencies.

In arriving at the recommended pattern for regional boundaries (see attachment) the Bureau of the Budget and the OCDM have had to take account of the conflicting views of civilian agencies which favor fewer than eight regions and those which favor a larger number. It has also been necessary to weigh the relative merits of adjusting the boundaries of Army Command Areas or the boundaries of civilian agencies. Consideration has likewise been given to the long-range suitability of the proposed plan for all agencies involved, and to the government-wide cost of adjusting to the recommended pattern and financing it in succeeding years. The recommended plan maintains the boundaries of the six Army Areas and provides for a maximum of eight regions for civilian agencies, coordinated with the Army pattern. Where an Army Command Area is split for civilian agencies the Command would make staff arrangements to cover the two regions.

No unit in the configuration is smaller than a state -- i.e., states are not sub-divided.

The recommended pattern is supported by the Bureau of the Budget, OCDM and the Department of Defense.

The Departments of Interior, Commerce and Agriculture, which do not have regional structures as such, have indicated that they are able to designate staffs which will be prepared to carry on civil defense and defense mobilization functions in conformity with the proposed regional pattern.

The Department of Labor believes that while its eleven-region pattern is best suited for the peacetime responsibilities of its principal manpower constituent, the Bureau of Employment Security, the Bureau is able to conform its boundaries to the proposed eight-region pattern,

The Department of Health, Education, and Welfare has agreed to adjust its regions to conform to the proposed regional pattern; an office will be established in Seattle and a capability for execution of civil defense and defense mobilization functions will be ensured in Denver and in Boston.

The Housing and Home Finance Agency has indicated that the proposed regional pattern will be satisfactory in terms of their operating requirements.

The General Services Administration, because of its unique role in supporting, not the states, localities, or the general public, but rather Federal agencies themselves, will not be expected to make changes in its existing regional boundaries. GSA will, however, so organize as to have the capability for the performance of support services in conformance with the proposed regional pattern.

Cooperative arrangements have been made with the Atomic Energy Commission's installations in the various regions.

Certain relatively small upward budgetary adjustments may have to be made by some of the agencies affected.

Recommendation: That the President approve the proposed regional pattern shown on the attached map for agencies having major responsibilities for civil defense and defense mobilization, with the understanding that this pattern will apply to regular peacetime as well as to civil defense and defense mobilization operations, and that he direct the implementation as indicated below:

Implementation: By direction of the President:

(1) The Office of Civil and Defense Mobilization will proceed immediately to establish an eighth region in the Northwest, and adjust its regional boundaries to the proposed eight-region pattern by October 1, 1959;

(2) The Department of Labor will adjust the regions of the Bureau of Employment Security to the agreed eight-region pattern by October 1, 1959. A capability to execute civil defense and defense mobilization functions will be established as necessary, including Denver and Boston;

(3) The Department of Health, Education and Welfare will adjust its nine regions to conform to the agreed regional pattern by October 1, 1959, and establish an office in Seattle and ensure a capability for the execution of civil defense and defense mobilization functions in Denver and Boston;

(4) The Housing and Home Finance Agency will make boundary adjustments to conform to the agreed regional pattern by October 1, 1959, and will establish a capability to execute civil defense and defense mobilization functions in Boston, Denver and Seattle;

(5) The General Services Administration will organize forthwith so that it will have the capability, for training, tests, and in an emergency, to conform immediately in all respects with the agreed eight-region pattern;

(6) The Departments of Interior, Commerce and Agriculture will immediately designate staffs which will be prepared to carry on civil defense and defense mobilization functions in conformity with the agreed eight-region pattern;

(7) The Director, OCDM, will explore with the Chairman, Federal Reserve Board, the feasibility of adjusting Federal Reserve boundaries to conform to the agreed regional pattern;

(8) Puerto Rico and the Virgin Islands will be included in OCDM Region 1, effective October 1, 1959;

Attachment: Map showing recommended pattern for coordinated regional boundaries.

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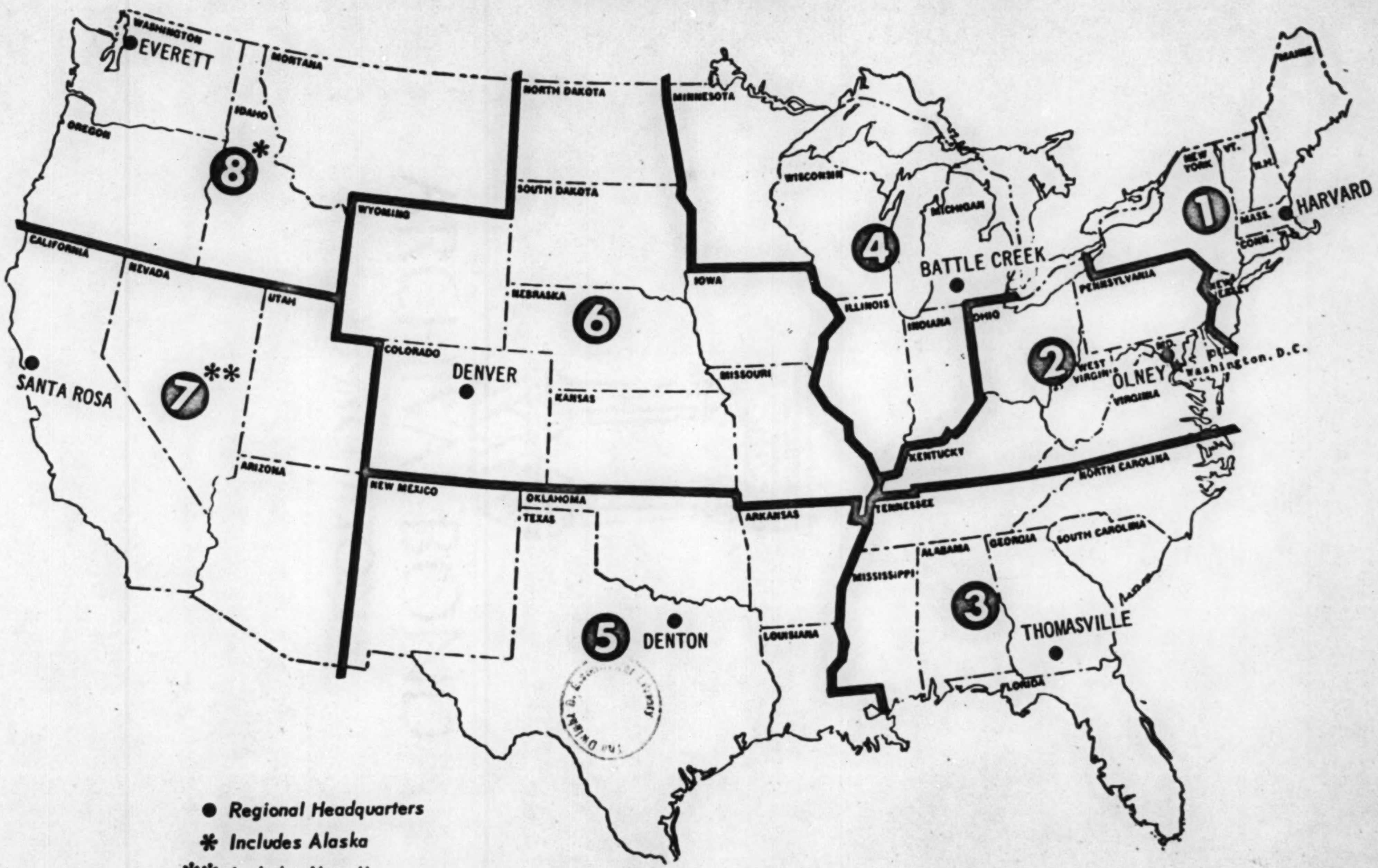
OFFICE OF CIVIL AND DEFENSE MOBILIZATION REGIONS

(Effective October 1, 1959)



1
HARVARD
MAINE
VT.
N.H.
NEW YORK
MASS.
CONN.
NEW JERSEY
2
OLNEY
Washington, D.C.
PENNSYLVANIA
WEST VIRGINIA
VIRGINIA
OHIO
3
THOMASVILLE
NORTH CAROLINA
SOUTH CAROLINA
GEORGIA
ALABAMA
MISSISSIPPI
FLORIDA
TENNESSEE
4
BATTLE CREEK
WISCONSIN
MICHIGAN
ILLINOIS
INDIANA
KENTUCKY
5
DENTON
OKLAHOMA
TEXAS
ARKANSAS
LOUISIANA
NEW MEXICO
6
DENVER
NORTH DAKOTA
SOUTH DAKOTA
NEBRASKA
KANSAS
MINNESOTA
IOWA
MISSOURI
COLORADO
WYOMING
7**
SANTA ROSA
CALIFORNIA
NEVADA
UTAH
ARIZONA
8*
EVERETT
WASHINGTON
OREGON
IDAHO
MONTANA

- ● Regional Headquarters
- * Includes Alaska
- ** Includes Hawaii

Puerto Rico and the Virgin Islands will be included in Region 1

CABINET PAPER

For Action

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NOTES FOR DIRECTOR'S USE
AT CABINET MEETING
ON
JOINT ACCOUNTING IMPROVEMENT PROGRAM

Chart 1

I would like to take fifteen minutes today to review the subject of improving financial planning and management throughout the Government.

As most of you know, there is machinery in operation for promoting continuing improvement in financial management in the Government: It is the Joint Accounting Improvement Program, which was established in 1948 by law. The activities of this program are reported annually. You have before you copies of the report issued early this year, applying to the ten-year period 1948 to 1958--which may be of interest to you if you have not already seen it. That report contains a ten-year summary which is a rather impressive story of accomplishment, in a quiet way.

What I have to say today includes a very short summary of what is in that report. It is more for the purpose of laying a groundwork for the progress which I hope we can attain in the decade ahead.

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Chart 2

When the Joint Accounting Improvement Program was initiated in 1948 there was much to be done in the way of improving financial management.

.... There was substantial duplication of functions and records.

Treasury and GAO maintained accounting records which duplicated each other. These in turn duplicated accounts maintained by the agencies.

.... There was no formal accounting system at all in Post Office.

All official accounting records were kept by GAO.

.... There were costly obsolete systems of processing information.

Accounting systems were encumbered with a great deal of red tape and unnecessary paper work. For example, there existed a complicated "warrant procedure" which probably served a good purpose in the early days of our Government but had long outlived its usefulness.

.... There was little emphasis on data for management.

For the most part, accounting systems only produced information on obligations and disbursements. Management was not getting the type of information it needs to enable it to do a better job of running the Government business more efficiently.

.... In many cases accounting and budgeting were not integrated.

Special studies revealed that the budgets for many agencies were not supported by the accounting records. There was need for closer coordination of the accounting and budgeting activities.

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.... Major program issues were obscured by inadequate financial data.

All of the facts in financial terms were not available for dealing intelligently with major program questions. On occasions, Appropriations Committees were highly critical of the inadequacy of accounting information.

.... Many antiquated legal requirements were on the statute books.

A number of these requirements were out of tune with the times. The Dockery Act of 1894, for example, caused problems in the adoption of modern methods.

.... Conflicting requirements of the three central agencies (GAO, Treasury and the Bureau of the Budget) were not uncommon.

Each of the central agencies has certain Governmentwide fiscal responsibilities but their efforts were not coordinated. This caused problems in the operating agencies.

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Chart 3

So there was plenty of reason in 1948 to establish some sort of mechanism for improving financial management broadly throughout the Government. The Joint Accounting Improvement Program was the answer.

It was formed at that time as a long-range program.

It was conceived as a cooperative effort of all Government agencies.

The Program was to be coordinated by the three central agencies—Treasury, GAO, and Bureau of the Budget.

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Chart 4

Specifically the objectives of the Program were—and still are—to promote better management through:

.... Sound organization for financial management

.... Installation of more meaningful accounting and budgeting systems

.... More effective systems of internal control, including internal audit

.... Better use of financial information through more meaningful, reliable and timely reports

.... And the resultant savings in cost of all operations

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Chart 5

In the ten years from 1948 to 1958 the accomplishments under this Program have been significant but there is still a long way to go. Many of these accomplishments are in line with and carry out the recommendations of the two Hoover Commissions.

.... Laws have been modernized. Outmoded requirements have been repealed and a modern legal framework enacted which has cleared the way for progress in the financial area. For example:

(1) Title IV of the National Security Act Amendments of 1949

(2) The Budget and Accounting Procedures Act of 1950

(3) The Post Office Financial Control Act of 1950

(4) Public Law 863 of 1956, which gave effect to a number of the Hoover Commission recommendations on Budgeting and Accounting.

.... Much duplicate recordkeeping and red tape has been eliminated. Considerable recordkeeping was eliminated in the GAO and the Treasury Department. Simplification of central agency practices and requirements resulted in elimination of unnecessary paper work and procedures in the operating agencies.

.... Organization for financial management has been improved in many agencies. A number of the larger agencies have established the controllership-type organization similar to that used in industry.

.... Accounting systems have been overhauled in many agencies. In this regard:

.... Procedures were mechanized

.... Monetary property accounts were widely adopted

.... Accrual accounting systems were installed

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Much still has to be done, however, in the installation of modern accounting systems. As you know, the Comptroller General is required by law to approve accounting systems. No Cabinet department has obtained approval for all of its systems. Outside of Defense for which no systems have yet been approved, only 39 out of 134 constituent units of departments or independent agencies have had their systems approved. In some additional cases, approval has been given to part of the system, such as payrolls.

.... Simplifications have been made in appropriation and allotment structure. Appropriations in the last 10 years have been reduced in number by over 300. Interior, for example, reduced the number by about 120. Post Office reduced its appropriations from 56 to 5. After appropriations are made, they are subdivided by each agency into what is known as allotments. Considerable simplification has been made in the allotment procedure; for example, the Veterans Administration made a reduction of about 35,000 and Selective Service System, 4,600.

.... Budget practices have been improved so as to better portray the cost of the work that has been done and to provide a better basis for determining future requirements. In this connection we now have better accounting support for budgets, but closer integration of accounting and budgeting is needed in many cases. Nevertheless, substantial progress has been made in developing cost-based budgets. In the 1960 budget, for example, 135 appropriation items out of about 600 were presented on the cost basis. We hope to increase this number considerably in the 1961 budget.

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.... Better audit and control practices have been adopted. The GAO, for example, now performs its audit at the site of operations in many agencies rather than having carloads of fiscal documents shipped to the GAO building. Many agencies have established internal audit facilities and other control devices.

.... Better financial data are being produced and that is really the important medium through which the major benefits of this program may be attained. This brings to management more useful data, which provide a basis for better management decisions.

.... Although these are some of the major benefits, I might mention incidentally that savings in financial operations alone are being made. For example, over the past seven years, we have had a reduction of 6,000 (or 15%) in the number of people engaged in the financial function in civilian agencies.

Let me give you a few examples of how better financial information has contributed to more efficient operations.

.... In Navy, improvements in supply management and inventory control resulting from efforts stimulated by the Joint Accounting Improvement Program disclosed $1.9 billion in excess and obsolete stocks. Of this, $1.35 billion was then scheduled for disposal.

.... In the Government Printing Office, billing rates were reduced by 5%, attributable mainly to use of a revised financial management and cost accounting system.

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.... In AEC, the product cost accounting system is being used in various ways for management purposes; for example,

(1) Analyses and comparisons of unit operating costs at different sites producing the same or similar products are used in pointing out where cost reductions should be effected.

(2) When additional product capacity is needed, unit cost data are considered in determining the most economical way of increasing the capacity.

.... In the Navy Stock fund, improved inventory management brought about a reduction of $500 million in stock levels and a reduction of $80 million in the annual rate of procurement.

But, as I said, we have a long way to go. These are illustrative of the benefits that the Joint Accounting Improvement Program has produced.

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Chart 6

What is the situation at the present time?

.... All agencies have programs underway. These programs identify the improvements that need to be made in each agency and they involve many projects, with target dates for completion.

.... Progress varies from agency to agency. We in the Bureau of the Budget have divided the departments and the major independent agencies into three broad categories. In the independent agencies, you will notice that four of them are well along toward completing the job, two are part way along, and three are slow for one reason or another. With regard to the departments, three of them are well along, four are partially complete, and three still have a long way to go.

Now as a general rule we can say that those independant agencies and departments that are well along in their accounting improvement programs certainly deserve a good deal of credit for their accomplishments. Those who are not very far along may--and in some cases do--have peculiar problems in "getting off the ground." But this chart shows us in a simple way where we stand.

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Chart 7

This is a joint effort, as I said at the start. To get further substantial benefits for individual agencies and departments and for the Government as a whole, the cooperation of every department and agency head is needed.

Each one of you can accelerate progress in this regard if you will:

.... Give topside support to the program in your agency

.... Promote broader understanding of the objectives of this program

.... Take prompt remedial action when programs are lagging

.... Make sure that the information that is generated by improved systems is actually used to improve the operation of your department

I think that this last point is one which deserves your most careful attention. It is through the use of better financial information that you and your people can be better able to make the kinds of decisions which will contribute to continuing improvements in the management of your departments.

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Conclusion

A great deal of benefit has been achieved from the operation of this program in the past decade. I hope that each of you will continue your efforts to accelerate progress and achieve savings as we move forward with the program in the years ahead. As you know, the Bureau of the Budget, the Treasury Department and the General Accounting Office try to keep in touch with the improvement work that is going on on a day-to-day basis. On the basis of the knowledge gained through that medium, I will send each of you a letter next week highlighting some of the specific things in your own department to which we believe you should give particular attention. I would like to ask that each of you give your personal attention to these letters. I'm sure that your backing will further accelerate progress and give a big "lift" to the Joint Accounting Improvement Program.

10th. Annual Progress Report

under ---

THE JOINT PROGRAM
TO IMPROVE ACCOUNTING
IN THE FEDERAL GOVERNMENT

1958

SECRETARY OF THE TREASURY
DIRECTOR, BUREAU OF THE BUDGET
COMPTROLLER GENERAL OF THE UNITED STATES

January 9, 1959

TO THE HEADS OF DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Tenth Annual Progress Report Under the Joint Program to Improve Accounting in the Federal Government

We can all take great pride in the substantial improvements made in the financial management practices of the Government during the 10 years that have elapsed since the Joint Program was started in 1948. It is indeed gratifying to review the scope of these improvements, and to observe the undiminished vigor of the improvement efforts, as outlined in this tenth annual report.

The advances which have been made thus far emphasize the size of the task remaining. In some areas where beginnings have been made, improvement plans must be translated into more effective action. In all areas of financial management functions, a constant awareness must be maintained of new and better methods made possible by advances in scientific and other technological knowledge. In the course of this improvement work, every agency should give continuing attention to the development of timely and meaningful financial information which will assist in the more economical and efficient management of Government operations, and to the fullest use of the information to that end.

With your continuing cooperation and wholehearted support, together with the efforts of all persons in your agency who have contributed so greatly to the accomplishments to date, we will reach our common objective of maintaining the most effective financial management practices in the Federal Government.

Robert B Anderson
Secretary of the Treasury

Maurice H. Stans
Director, Bureau of the Budget

Joseph Campbell
Comptroller General of the United States

TENTH ANNUAL PROGRESS REPORT UNDER THE JOINT PROGRAM TO IMPROVE ACCOUNTING IN THE FEDERAL GOVERNMENT

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PART I

TEN YEARS OF PROGRESS

A SUMMARY OF THE JOINT PROGRAM TO IMPROVE ACCOUNTING IN THE FEDERAL GOVERNMENT

1948-1958

TEN YEARS OF PROGRESS

The Joint Program to Improve Accounting in the Federal Government grew out of joint discussions begun in December 1947 by the Comptroller General of the United States, the Secretary of the Treasury, and the Director of the Bureau of the Budget as to the needs and problems of the Government for more effective and economical financial management practices. On October 20, 1948, speaking for himself as well as the Secretary of the Treasury and the Director of the Bureau of the Budget, the Comptroller General officially announced the Joint Program in a letter to the heads of all Government departments and agencies. The letter described the objectives of the program as follows:

> "The program contemplates the full development of sound accounting within each agency, as a working arm of management, in terms of financial information and control. At the same time it envisions an integrated pattern of accounting and financial reporting for the Government as a whole responsive to executive and legislative needs. Balanced recognition will be given to the need for a flexible basis for accounting development within agencies in the light of varying types of operations and management problems and to overall fiscal, reporting, and audit responsibilities. The accounting and reporting principles, standards and basic procedures established will take into consideration the various areas of responsibility involved, the elimination of overlapping operations and paper work, and the fuller application of efficient methods and techniques in accounting operations throughout the Government."

Since accounting, in the broad sense of that term, furnishes the foundation for financial reporting, support for budget actions, and information required to assist in the planning and evaluation of management actions, the accounting practices of the Government were given priority attention when the program was started. It was from this that the Joint Program received its name although, as the program developed and matured, all financial management functions, and their interrelation with each other, have been given equal attention. In a brochure issued in May 1958(1), the objectives of the Program, as evolved over the last ten years, were described thus:

> "The basic goal of the Program is the improvement of financial management practices throughout the Government in a manner that will satisfy the management needs of the executive and legislative branches and the existing legal requirements. The current objectives include the following:

---

[1] "The Joint Program for Improving Accounting in the Federal Government -- Its Scope, Objectives, Concepts, and Methods" which was prepared by the Bureau of the Budget, Treasury Department, and the General Accounting Office.

"1. Strengthening of agency organization and staff facilities to provide for the most effective conduct of agency financial management.

"2. Establishment of effective agency accounting systems on a accrual basis to the fullest extent this accounting basis is appropriate.

"3. Establishment of monetary property accounting as an integral part of agency accounting systems.

"4. Establishment of cost-based budgeting practices effectively integrated with the accounts to provide adequate support for budget requests.

"5. Simplification of agency appropriation and allotment structures, and development of the most effective methods of control of appropriations, funds, obligations, expenditures, and costs.

"6. The use of consistent classifications to bring about effective coordination of agency programing, budgeting, accounting, and reporting practices.

"7. Establishment of suitable internal control practices, including internal audit, in the agencies.

"8. Effective integration of agency accounting and reporting with the requirements of the budget process and the central accounting and reporting of the Treasury Department.

"9. Development of accurate and useful agency and Government-wide reports on fiscal status, financial results of operations, and cost of agency performance of assigned functions.

"10. Education of personnel in effective maintenance and maximum utilization of these management tools to effect economy in Government operations."

The attainment of these objectives required a new look at governmental financial management practices in the light of current techniques and knowledge, and the size and scope of 20th century government. It required analysis of existing laws and regulations under which the financial management practices were prescribed or otherwise molded. It required the adaptation of the best financial management practices of modern private enterprise to the activities of national government, to the fullest extent appropriate. It required the development of a united effort to devise needed improvements through joint and cooperative working arrangements between the administrative agencies and the three central agencies--the Treasury, the General Accounting Office, and the Bureau of the Budget.

Indicative of the public recognition of the Joint Program is the following quoted from an article published in the official publication of the American Institute of Certified Public Accountants:[1]

> "It is not the purpose of this article to arouse new indignation by pointing again to Washington's alleged shortcomings. Instead, it has the more cheering purpose of calling attention to the little known fact that a purposeful, productive campaign is afoot to modernize the entire structure of government accounting along lines that the tax-paying public, and the accounting profession particularly, might well applaud.
>
> "What is happening lacks the dramatic impact of a revolution. But it represents something better, a planned evolution which promises to work the most significant transformation in our government's financial management since the days of Alexander Hamilton.
>
> "Both the executive and legislative branches have important stakes in this long-term effort. And both branches are cooperating in a joint endeavor to effect this transformation and to reach these explicit goals:
>
> "1. To bring to all of the government's diversified activities the most appropriate and useful of modern accounting principles and techniques.
>
> "2. To enable government agencies to ascertain the cost of their various activities, as many of them have been unable to do in the past.
>
> "3. To provide better fiscal controls which will permit the executive to budget projected activities more realistically; assist the legislative in its appropriating functions; and allow the taxpayer to see more clearly how his money is spent and what it buys.
>
> "4. To reduce expenditures wherever possible by improving the efficiency and effectiveness of management.

Legislation

Financial management functions, like all operations of the Government, must be conducted in accordance with laws enacted by the Congress. Such laws govern the authority and responsibility of individuals and organizations, and provide basic requirements either in broad outline or in detail. When substantial changes are contemplated in the concepts or methods of Federal Government financial management practices, the requirements of existing law and the necessity for new legislation must be examined. Therefore, one of the first steps under the Joint Accounting Improvement Program was to determine what new legislation, or revisions of existing legislation, would be needed.

---

[1] "Accounting Reform in Washington" by John W. McEachren, CPA, in September 1955 issue of the Journal of Accountancy.

During the period 1949-1951 several important laws were enacted, notably the Budget and Accounting Procedures Act of 1950, approved September 12, 1950 (Public Law 784, 81st Congress). This was the first comprehensive law covering budgeting, accounting, auditing, and reporting since the Budget and Accounting Act, 1921. The new law (1) provided for including in the Budget information on the functions and activities of the Government and other desirable classifications of data, and strengthened the Bureau of the Budget in connection with its responsibilities for improvement of management throughout the executive branch, (2) defined the respective responsibilities of the General Accounting Office, the Treasury Department, and each executive agency in the accounting and reporting functions of the Government, and (3) restated the responsibility of the General Accounting Office for auditing the activities of Government agencies and authorized such audits to be made at the site of agency operations with due regard to generally accepted principles of auditing. The law contained the following declaration of the policy of the Congress:

> "Section 111. It is the policy of the Congress in enacting this part that--
>
> "(a) The accounting of the Government provide full disclosure of the results of financial operations, adequate financial information needed in the management of operations and the formulation and execution of the Budget, and effective control over income, expenditures, funds, property, and other assets.
>
> "(b) Full consideration be given to the needs and responsibilities of both the legislative and executive branches in the establishment of accounting and reporting systems and requirements.
>
> "(c) The maintenance of accounting systems and the producing of financial reports with respect to the operations of executive agencies, including central facilities for bringing together and disclosing information on the results of the financial operations of the Government as a whole, be the responsibility of the executive branch.
>
> "(d) The auditing for the Government, conducted by the Comptroller General of the United States as an agent of the Congress be directed at determining the extent to which accounting and related financial reporting fulfill the purposes specified, financial transactions have been consummated in accordance with laws, regulations or other legal requirements, and adequate internal financial control over operations is exercised, and afford an effective basis for the settlement of accounts of accountable officers.

"(e) Emphasis be placed on effecting orderly improvements resulting in simplified and more effective accounting, financial reporting, budgeting, and auditing requirements and procedures and on the elimination of those which involve duplication or which do not serve a purpose commensurate with the costs involved.

"(f) The Comptroller General of the United States, the Secretary of the Treasury, and the Director of the Bureau of the Budget conduct a continuous program for the improvement of accounting and financial reporting in the Government."

In order to clear the way for the modernization and streamlining of the financial management of the Government as provided in the Budget and Accounting Procedures Act of 1950 and as contemplated in the objectives of the Joint Accounting Improvement Program, it was necessary to remove outmoded or otherwise impeding laws from the statute books. This was done in Title III of the Budget and Accounting Procedures Act of 1950 which repealed 106 laws or parts of laws containing financial management requirements, many of which had been enacted prior to 1900. Also, Title II of the Act gave the Secretary of the Treasury and the Comptroller General, jointly, special authority to waive requirements of existing law regarding warrant procedures for the receipt, retention, and disbursement of public moneys and trust funds.

The list of all other legislation enacted between 1949 and 1951 which affected the future course of the Joint Accounting Improvement Program is extensive. Among these are (1) Title IV of the National Security Act Amendments of 1949 (Public Law 216, 81st Congress) for the promotion of economy and efficiency through establishment of uniform budgetary and fiscal procedures and organization in the Department of Defense, (2) the Federal Property and Administrative Services Act of 1949 (Public Law 152, 81st Congress) to simplify the procurement, utilization, and disposal of Government property, to reorganize certain agencies of the Government, and for other purposes, (3) the Post Office Department Financial Control Act of 1950 (Public Law 712, 81st Congress) to provide improved procedures with respect to the financial control of the Post Office Department and for other purposes, and (4) Chapter XI of the General Appropriation Act, 1951, which amended Section 3679 of the Revised Statutes (the "Anti-Deficiency Act") to strengthen the control over obligations and expenditures incurred under appropriations.

Legislation relating to specific aspects of financial management was also enacted during the ensuing years, particularly to give effect to recommendations contained in the second Hoover Commission budget and accounting report issued in June 1955. This report contained 25 recommendations related to budgeting, financing, accounting, reporting, and auditing practices of the Government. Many of these recommendations could be accomplished administratively within the framework of existing statutes, but it was considered necessary to legislate in connection with certain of these recommendations and Public Law 863, 84th Congress, was passed and approved on August 1, 1956. This law provided that (1) agency accounts should be maintained on the accrual basis of accounting, (2) agencies should use cost-based budgets in support of appropriation requests and for internal agency administration and operation purposes, (3) there should be, insofar as possible, consistency in the accounting and budgeting classifications of each agency, synchronization between such classifications and the agency's organizational structure, and budget information on performance and program costs by organizational units, and (4) each agency should work toward simplification of its administrative control of funds (allotment) system. These recommendations were strongly supported by the three central agencies--the Bureau of the Budget, the General Accounting Office, and the Treasury Department.

Other recent legislation relating to financial management functions include (1) Public Law 798, approved July 25, 1956, which affects appropriation accounting and the processing of claims, (2) Public Law 85-183, approved August 28, 1957, to simplify accounting procedures relating to check transactions in the central accounts, and (3) Public Law 85-759, approved August 25, 1958, "to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations" by providing for the inclusion of proposed limitations on annual accrued expenditures in such estimates.

The Congress and the Joint Accounting Improvement Program

The job of modernizing and streamlining the financial management functions of the Government under the Joint Accounting Improvement Program could not have been accomplished without the support and cooperation of the Congress, its committees, and the staffs of those committees. The Appropriations Committees and the Government Operations Committees of both the Senate and the House have been particularly active in this regard. The three central agencies, in their over-all coordination of the Joint Program, have maintained close liaison with the staffs of these committees and have received invaluable assistance from these staffs in the resolution of problems encountered. Furthermore, the constant interest of members, committees, and staffs of the Congress in the progress of the Joint Program, as evidenced by their inquiries concerning broad or specific areas of activities, provides a great stimulus to the central agencies and to individual operating agencies to attain the objectives of the most effective and economical financial management practices.

How the Joint Program is Operated

The Federal Government is comprised of many departments and agencies, each having its own duties and responsibilities and administering diversified programs. The differences in functions and organization structure dictate that the financial management needs of the several managements will certainly be different at least in details and quite often somewhat different in the broader aspects of these functions.

In recognition of this, the Joint Accounting Improvement Program is operated as a joint and cooperative undertaking of all the organizations of the Government, with the Bureau of the Budget, the General Accounting Office, and the Treasury Department as the central or over-all coordinating group. The central agencies have, over the past ten years, issued principles, policies, and guidelines, consistent with laws enacted by the Congress, to provide the framework for the development of financial management practices that will more economically and effectively meet the needs of operating management.

These principles, policies, and guidelines were evolved after thorough consideration by each of the central agencies of their own responsibilities and the needs of operating agency management. The objective is to make the principles, policies, and guidelines sufficiently definitive to clearly state the most desirable practices but not so detailed as to restrict the financial management organizations, systems, and procedures of dissimilar operations into a rigid form in all respects.

The central agencies have also provided advice and assistance to the other agencies in developing needed financial management improvements within agencies, have kept abreast of the efforts being made by each agency in this respect, and, in general, have served as the clearing house for problems and stimulating action.

The central agencies perform these coordinating functions either separately (with the full knowledge of the other two central agencies) or jointly through committees or joint project teams. Such a committee or joint team may be composed of representatives of the central agencies or of representatives of the central agencies and an operating agency, depending upon the matter involved. Two joint committees have been established under the Joint Program, one for governmentwide and civil agency financial management improvements and the other for financial management improvements in the Department of Defense. These are continuing committees. Joint project teams have been established during the past ten years to work on specific problems, and many of them have completed the tasks for which they were created.

The biggest and the basic area of financial management in the Federal Government is in the several departments and agencies, and in their bureaus, offices, and other organizational subdivisions. The success of the Joint Accounting Improvement Program depends substantially on the degree to which the financial management systems, procedures, and other practices of the individual operating agencies are modernized and streamlined on the most economical and efficient basis.

Some agencies were equipped with the manpower and the technical know-how to install needed improvements with their own personnel. Others needed greater or less assistance from the central agencies. Still others employed firms of management engineers, public accountants, or other outside consultants to assist in the development of modern organizations, systems, and procedures. The development of improvements, in each case, reflects the progressiveness and the ability of each operating agency to replace outmoded methods by the best of modern methods suitable for its operating needs. The response of agency management to this challenge over the last ten years is deserving of high commendation.

The areas requiring attention in each agency varied. In some it was only inventory accounting, in others cost accounting, in others all accounting. In some it was budgeting practices and procedures, in others it was the funding procedures (allotment system) that required attention. In some the organizations performing financial management functions needed strengthening or streamlining, in others internal audit and other internal review mechanisms required development. In many it was bringing all the parts together so as to produce an integrated system of financial management for programing, accounting, budgeting, and financial reporting.

The scope and the depth of the effort required are too diverse to be completely compressed into a general summary. However, Public Law 863, 84th Congress, contains legislation in four specific areas of the improvement effort. These are (1) accrual accounting, (2) cost-based budgeting, (3) synchronized classifications, and (4) simplified allotments. The June 30, 1958, status of each agency's efforts to reach these goals, as reported by each agency, is shown in Part III of this report.

Economy and Efficiency

All of the improvements advocated and developed under the Joint Program add up to one thing--improved financial management tools to be used by all levels of management in promoting increased economy and efficiency in Government operations. The effectiveness of the improvements during the past ten years is best demonstrated by the benefits that management has derived through the use of modernized financial management systems.

One view of the impact of these improvements is whether they are more costly or produce administrative savings. This is a natural question that represents a pertinent consideration in any Joint Program proposals to change existing practices. The emphasis which has been placed on financial management improvements during the past ten years under the Joint Program, and the concern whether this has required a substantial increase in accounting, budgeting, and other financial management personnel throughout the Government, motivated the Subcommittee on Manpower Utilization of the Committee on Post Office and Civil Service to look into this subject this year. In its study, the Subcommittee compared the personnel employed in financial management functions at June 30, 1950, and at June 30, 1957. The report issued on August 7, 1958, as the result of this study (House Report No. 2512) contains the following as the first finding of the Subcommittee:

> "During the period 1950-57, or since enactment of the Budget and Accounting Procedures Act of 1950, departments and agencies, exclusive of the Department of Defense, were able to achieve a reduction of 15.4 percent in personnel performing financial management functions. It is significant that, in a number of instances, reductions were made in financial management personnel through more effective systems and procedures despite level or increased program activities of the departments and agencies. This information clearly indicates that (1) increased program activities and appropriations do not automatically mean an increase in financial management personnel is required and (2) real economies in the use of manpower are possible where effective effort is made to modernize and streamline agency financial management functions."

In numbers, the civilian agency financial management personnel included by the Subcommittee in this reduction of 15.4 percent were 39,644 at June 30, 1950, and 33,552 at June 30, 1957, or a decrease of over 6,000. Translated to dollars, this represents an estimated annual reduction of over $30,000,000(1) in salary costs alone. In addition, the Subcommittee reported a net reduction of over 1,200 employees in the General Accounting Office, resulting from discontinuance of bookkeeping activities and other changes in the operations of GAO, with an annual savings in salary costs of $3,364,000.

These figures are cited as indications of administrative savings in financial management functions since the Joint Program started but not as absolute figures. The Subcommittee was unable to obtain data on which comparison of total financial management personnel in the Department of Defense as of June 30, 1950, and June 30, 1957, could be made, but such data for 22 selected comptroller organizations revealed substantial increases between the two dates. Also, in a later report, the Subcommittee called attention to the trend toward higher graded positions throughout the entire Government service. These matters are being studied further by the Subcommittee.

In the broader area of the benefits to management from better financial data for program decision-making, it is more difficult to assign dollar amounts to resulting savings. However, the annual reports issued under the Joint Program contain many illustrations of how management was more effective because of the better information. As one example, better control was possible over inventories because of improved property accounting and property reports. Before the Joint Program started, monetary property accounting, and even adequate quantitative property accounting, was the exception in the departments and agencies of the Government. Today many agencies have installed and are using property accounting systems to control their inventories in monetary and quantitative terms. In 1953, the Department of the Army reported that it had developed, and was in the process of installing, a financial property accounting system for the worldwide inventories of the Army Establishment to provide the Army supply management with better financial management data to accomplish its supply mission. Army stated that it is not possible to estimate accurately the probable savings which will result from more effective supervision of procurement and stock levels with the aid of the necessary financial data--however, some sixty (60%) percent of available Army funds are invested in or scheduled for procurement of supplies and equipment and a reduction of investment of only ten (10%) percent would approximate over one billion dollars. In the same year, the General Services Administration reported that the inventory record in use in the Emergency Procurement Services was redesigned to include additional data such as ore content, grades, wet weight, etc., needed by operating divisions and that coincident with this redesign the number of active inventory cards would be reduced from approximately 80,000 to 5,500. In 1954, the Department of the Navy reported that improvements in supply management control disclosed $1.9 billion in excess and obsolete stocks of which $1.35 billion has been scheduled for disposal. In the Navy Stock Fund alone, improved inventory management achieved a reduction of nearly $500 million in stock levels with

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[1] Based on average annual salary of $5,013 for accounting and budget personnel as shown in Table 2 of the pamphlet, "Occupations of Federal White-Collar Workers, February 28, 1957," now being printed for publication by the Employment Statistics Office of the Civil Service Commission.

an additional reduction of more than $80 million in the annual rate of procurement. In 1956, the Farmers Home Administration of the Department of Agriculture reported that as a result of an intensive survey of nonexpendable property, 2,500 items aggregating $62,500 were released, 1,800 items were set aside for planned reserve, and the major portion of unserviceable property was eliminated. In 1958, the Department of Health, Education, and Welfare reported that an inventory of nonexpendable property at Saint Elizabeths Hospital consisting of over 100,000 items was about 80 percent complete, and the improved property accounting system will permit the systematic and efficient utilization and replacement of property. These are but a few of the several illustrations contained in the annual progress reports of the last ten years regarding benefits to supply and procurement managements from more effective financial methods and data developed since the start of the Joint Program.

Another aspect of the Joint Program which has resulted in management benefits has been the development of cost data as a basis of preparing budgets and evaluating performance of assigned programs, functions, and activities. In this development all significant costs and resources are brought into focus in the decision processes, and not just the amount of obligations and cash disbursements.

In 1952, the Department of Defense reported, in connection with installations financed that year by industrial funds, that the new accounting systems and procedures place major emphasis on the requirement of local management officials at all supervisory levels for timely and accurate cost reports to provide them with the means of operating activities on a more efficient basis, and that analysis of unit costs resulted in the elimination of overtime and highlighted the need for flexibility in production scheduling and the responsibility of procurement officials in getting materials to the activity when needed. In 1954, the Government Printing Office operated under revised financial management systems developed the previous year, including a revised cost accounting system, and reported that these improvements, together with collateral developments, substantially contributed to a 5 percent reduction during the year in most rates used in billing for services rendered various departments of the Government. In the same year, 1954, the Post Office Department reported that a standard cost accounting system was installed for the Mail Equipment Shop and that the introduction of better management techniques, including proper use of meaningful cost information supplied by the new system, achieved an 11 percent increase in operating efficiency. In 1955, the Department of the Interior reported that revised systems of 7 of the principal bureau-type organizations of the Department develop costs on an accrual basis reconcilable with fund controls under an over-all financial plan of integrating budgeting, programing, accounting, and reporting activities. The General Services Administration reported that an accrued cost system of accounts, developed as a part of an integrated budget, accounting and reporting system, was put into effect July 1, 1956, for use in connection with budget control, operating cost control, and budget estimates. In 1957, the Atomic Energy Commission enumerated many ways in which product unit cost data are being used by management in making decisions when comparative operating costs at various plants have an important bearing on the action to be taken. In 1958, the Department of the Interior reported that the accounting system of Bonneville Power Administration relates costs to production units of work, and that accounting, budget and organizational classifications are related so that charges can be determined by activities, by organizational units, or both.

These are but random selections from the many illustrations in the several annual progress reports published under the Joint Program concerning the benefits to agency management from the improvements in Government financial management practices since the Joint Program started. In addition to these types of benefits, and the resulting contributions to better economy and efficiency, the annual progress reports are replete with examples of savings through simplifications in forms, reports, and processing procedures of the agencies, and, in general, through the elimination of "red-tape."

The contributions to better financial management practices in the departments and agencies were made possible, in a significant manner, by improvements in the related financial management practices of the central agencies, i.e., the General Accounting Office, the Treasury Department, and the Bureau of the Budget. This is because the central agencies have certain responsibilities in financial matters that are governmentwide in scope and require that the central agencies prescribe or otherwise influence the methods which the executive agencies employ in financial management matters. Financial management practices in the Government therefore, have a two-fold aspect, (1) for internal use by the operating management of each executive agency and (2) for governmentwide use in the total financial management of the Federal Government.

Consideration of these two aspects requires central control on a broad basis that will allow sufficient flexibility in details to permit development by each agency of the methods that will most nearly fit its particular management needs. Before the Joint Program started, the central agencies tried to prescribe rigid patterns to be followed in detail regardless of differing operating agency needs and, quite often, maintained financial records that duplicated records maintained elsewhere in the Government. This has been changed under the Joint Accounting Improvement Program.

The General Accounting Office is no longer a bookkeeping office which duplicates the records maintained in the executive agencies and in the central accounts of the Treasury Department. It abolished its Accounting and Bookkeeping Division which kept accounts related to all appropriations, and its Postal Accounts Division which kept the detail accounts of the Post Office Department. In place of the emphasis on across-the-board uniformity in accounting procedural details, it developed accounting principles and standards to be observed by the executive agencies in developing the accounting systems best suited to their management needs. It strongly endorsed and implemented legislation which simplified the settlement of claims under lapsed appropriations which previously had to be sent to the General Accounting Office for settlement, and the accounting for such charges. It moved rapidly from an audit approach which required all agency financial documents to be sent to the General Accounting Office for central voucher audit, to more comprehensive audits at the site of agency operations. All of these major changes eliminated many rigid procedural and paperwork requirements on the executive agencies. The resulting economy in the salary costs of the General Accounting Office from these and other improvements has been noted in House Report No. 2512, previously cited; the corresponding contributions to improved financial management practices in the executive agencies have not been specifically measured for the entire Government.

Restrictive requirements with respect to the receipt and disbursement of Government funds, such as the requirements for the issuance of warrants, have given way to a unified system of central accounting and reporting in the Treasury Department for the Government's cash operations, integrated with the appropriation accounting of all departments and agencies. Requirements for cash and other data as related to appropriations by the Bureau of the Budget and the Treasury Department have been substantially coordinated and consolidated with elimination of different sets of requirements on the executive agencies. The three central agencies have worked together closely to eliminate duplication or conflicts in the regulations and other instructions they issue to the executive agencies in financial management matters.

In the performance of their individual responsibilities, the central agencies have developed a high degree of joint effort. An outstanding example during the last ten years was the development of an electronic processing system for the payment and reconciliation of Government checks. These functions were previously performed separately by the Treasury Department and the General Accounting Office; now they are combined in a single electronic system in the Treasury Department with comprehensive audit at the site by the General Accounting Office. Annual savings in excess of $1,700,000 resulted from this improvement, a substantial portion of which represents manpower savings (previously noted in this report) in the General Accounting Office and Treasury Department. In addition, it is estimated that the Federal Reserve Banks save $500,000 per year.

The success of the Joint Program, in the final analysis, requires the dedication of competent personnel, without whom little could have been accomplished in the past and little could be hoped for in the future. The role of the Civil Service Commission has been and continues to be vital in the recruitment, training and retention of such personnel, and in related matters such as the development of classification standards for financial management positions.

Related to the Joint Accounting Improvement Program over the past ten years has been the gradual extension of the comprehensive audit program of the General Accounting Office. This program was established by the Comptroller General in 1949 as a means of better discharging his independent auditing responsibilities relating to the affairs of all Government agencies. This type of audit provides for a study and evaluation of the manner in which agencies carry out their financial responsibilities and due consideration is given to the effectiveness of agency management and financial controls in carrying out detailed examination and verification work. Generally, this type of audit is performed at the sites of agency operations. In some cases, however, provision has been made for continuance of the practice of submitting fiscal documents to central points for GAO examination, leaving other phases of the audit work to be carried out at agency sites. The comprehensive audit program is a contributing factor in promoting continuing improvements in financial management practices in the Government.

The Future Course of the Joint Program

How far has the Joint Program progressed toward its ultimate goal of obtaining, in all of the activities of the Federal Government, the most modern and streamlined financial management practices geared to the many management needs in Government? It is impossible to generalize as to the degree or percentage of completion of the total effort required. Indeed, it is most difficult to generalize about this with respect to a single department of the Government such as Defense, Agriculture, Commerce, and others which have many and large organizational subdivisions (bureaus, offices, commands, etc.) with different types of programs and differing needs for financial data. However, the record discloses that the progress made during the last ten years has been substantial, and that it is continuing with unremitting vigor.

Efforts will be continued to develop basic improvements in areas of activities where they are still to be installed, to refine them in the areas in which they have been installed, and to find techniques whereby the information developed is most useful as an aid to all levels of management in the Government. The Joint Program will endeavor to keep abreast of new financial management methods, procedures, and other techniques as they are introduced, so that they may be applied to Federal Government financial management functions, to the extent appropriate, in furtherance of increased economy and efficiency in Government operations. One of the most significant of recent developments in this respect is the use of automatic data processing systems, more fully discussed in Part II of this report.

Thus the need for the Joint Accounting Improvement Program will be continuous. This continuing need was thus expressed in the recent pamphlet[1] explaining the Program:

> "This Program is a continuing one which will never be completed, in the sense that there is always room for improvement in the Government's vast operations. The techniques of financial management are constantly being refined, and the problems to be resolved are continually changing as the Congress provides for new activities or makes changes in existing Government programs. One of the greatest assets of the Joint Program is that it provides a flexible framework capable of dealing with constantly changing conditions. Under these arrangements, financial management in the Federal Government need not become outmoded by its failure to keep pace when other aspects of operations change."

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[1] "The Joint Program for Improving Accounting in the Federal Government--Its Scope, Objectives, Concepts, and Methods" which was prepared by the Bureau of the Budget, Treasury Department, and the General Accounting Office.

PART II

FINANCIAL MANAGEMENT DEVELOPMENTS OF GOVERNMENTWIDE SIGNIFICANCE

DURING FISCAL YEAR 1958

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FINANCIAL MANAGEMENT DEVELOPMENTS OF GOVERNMENTWIDE SIGNIFICANCE

This part covers subjects or areas of activities under the Joint Program during fiscal year 1958 which were of broad applicability throughout the Government, as distinguished from the accomplishments during the year in individual operating agencies which are covered in Part IV of this report. Thus, this part includes central responsibilities and activities of the General Accounting Office, the Bureau of the Budget, and the Treasury Department in financial management matters, central responsibilities and activities of the General Services Administration in the financial management aspects of governmentwide property management, and other subjects of governmentwide significance. The material in this part has been prepared by the central agencies.

1. Modernization of Agency Financial Management Systems. The financial management improvement program continued in full force during fiscal year 1958. This is in every way a comprehensive program, since it involves all agencies and includes within its scope all elements of the agencies' financial management systems. In total, this governmentwide effort is basically directed toward the establishment and operation in each agency of integrated accrual accounting and cost-based budgeting systems that will satisfy legal requirements and, at the same time, meet adequately the particular management needs of the individual agency.

The operating agencies are making effective progress toward the established goals of this program. Several of the smaller units have substantially carried out their plans. On the other hand, in some of the larger and more complex agencies, much developmental and installation work still remains to be done. The status of this program as reported by individual agencies, is shown in Part III of this report.

One end result of these efforts is agency development and presentation of budget requests based on accrual and cost information. In relation to the traditional budget practices in the Federal Government, this constitutes a major problem of adjustment and conversion that is being carried out on a gradual basis. In the 1957 budget, for example, only four appropriations were presented on a cost basis. Since then, this number has progressively increased to the point where 129 appropriations--for 39 agencies or departmental bureaus--are expected to be shown on a cost basis in the 1960 budget. The 129 accounts involved finance programs that result in annual costs of approximately $11 billion. These budgetary statements, plus the 121 business-type presentations expected to be shown for corporations and revolving fund operations in the 1960 budget, reflect the use of accrual accounting systems in the agencies.

This does not present the complete story of agency accomplishments. To illustrate, 36 organizations which recently installed accrual accounting have been requested by the Bureau of the Budget to submit sample cost-type statements for an additional 76 appropriation accounts. Once these presentations have been fully developed and have adequate accounting support, they will lead the way to further conversion to cost-based presentation in future budgets. Similarly, the objectives of simplifying the financing structure, or of establishing common classifications for programing, budgeting, accounting, and reporting, have brought about a number of adjustments in budget structure in the past year. In preparation for the 1960 budget, proposals for changes in the pattern of budget presentation or in the appropriation and activity classifications were considered for 45 agencies or departmental bureaus. Each of these was directed toward a more suitable presentation or to establish consistency between budget, accounting, and organization classifications.

2. Accounting Principles, Standards, and Related Requirements. As indicated in the last annual progress report, the GAO Manual is now the official medium through which the Comptroller General promulgates (1) accounting principles, standards, and related requirements, and material for the guidance of Federal agencies in the development of their accounting systems and internal auditing programs, (2) uniform documentation or processes when uniformity throughout the Government is required by law or is otherwise appropriate, and (3) regulations governing the relationships of the General Accounting Office with other Federal agencies and with individuals and private concerns doing business with the Government. The first parts of this manual were published in September 1957. Since then, revisions and new material have been added to the manual after appropriate coordination with the Treasury Department and the Bureau of the Budget under the Joint Program.

Accounting procedures will be published in Part 2 of Title 2 of this manual. These are illustrative rather than mandatory and are intended to explain the application of the accounting principles and standards set forth in Part 1 of Title 2. Of the 13 chapters presently contemplated for this part, nine were published to the agencies this year as follows:

Chapter 2000 states the purposes of accounting in the Federal Government, and briefly summarizes the components making up total Government accounting.

Chapter 2500 deals with the organization of an agency accounting office, and fundamental aspects of accounting records and methods.

Chapter 3500 deals with the classification and explanation of General Ledger accounts, the classification of subsidiary accounts, and the coding of General Ledger and subsidiary accounts. There is also included a representative chart of accounts. This is intended to serve as an example of accounts that could be adopted, with modifications as needed, by an agency.

Chapter 4000 discusses (1) appropriations, (2) apportionments by the Bureau of the Budget, (3) transfers of appropriations between agencies, and (4) allotments within an agency. One section is devoted to accounting procedures and illustrative journal entries for recording on the books of an agency the transactions relating to appropriations, transfers, and allotments.

Chapter 4500 deals with the accounting procedures and entries for obligations (the placing of orders), the "liquidation" of obligations and the resulting accrued expenditures (the receiving of goods and services). An allotment ledger and an accrued expenditures register are illustrated. Alternative methods for determining obligations incurred and expenditures accrued are discussed, including a description of the "inventory" method. The chapter also includes an explanation of an accounting procedure for consolidated working fund advances.

Chapter 5000 discusses and illustrates the accounting procedures and records for cash disbursements. Payments and adjustments classified as "expenditure transactions" are included. An example of a cash disbursement register is given. In addition, there is an example of a cost distribution register to be used in conjunction with the inventory method for determining accrued expenditures described in chapter 4500.

Chapter 5500 discusses and illustrates the accounting procedures, records, and internal controls relating to the handling of accounts receivable and cash receipts. Transactions and journal entries are shown for the billing and collection of various types of receipts, and for the deposit of withholdings from employees' salaries. There are also included explanations of two methods of establishing allowances for uncollectible accounts, and of a procedure for the handling of bad debts.

Chapter 6000 discusses the accounting relationships of central and field offices. The use of reciprocal accounts is described. There are illustrations, including journal entries, of three methods of accounting for changes in the obligating authority, disbursing authority, and assets of field offices. Comparisons of the three methods are made to highlight the similarities and differences.

Chapter 6500 emphasizes the significance of cost accounting for management purposes. The application of cost accounting and the relationship of cost accounting to appropriations and to budgets are discussed. Cost-based budgets for appropriation requests and for internal administration are illustrated in some of the figures. Cost accounting methods are briefly described. The work order method and the accounting procedures for specific cost elements are explained and illustrated with journal entries, forms and other records, and reports. Examples of units of work, unit costs, and uses of cost data are shown in some of the financial reports illustrated in the chapter.

Other chapters to be included in Part 2 of Title 2 and now in draft form for final review will cover classification of funds, property accounting, adjusting and closing entries, and business activities.

During the year work continued on accounting principles memoranda covering special subjects within the broad classification of property accounting, particularly criteria for capitalization of property, intragovernmental transfers with and without reimbursement, property owned by one agency in custody of another agency or contractor. In addition, the accounting principles for property acquired under lease-purchase contracts will be issued during the latter part of 1958.

Amendments and revisions of other parts of the GAO Manual during the past year are:

Regulations concerning the recognition of persons representing claimants before the General Accounting Office have been revised to eliminate the requirement that attorneys submit an application for enrollment and be formally admitted to practice, and these revised regulations were added to Title 1 of the manual.

Accounting Principles Memorandum No. 3, "Accrual Accounting--Supplementary Statement," issued on October 18, 1957, and the statement on internal auditing issued in August 1957 were codified in Title 2.

Revised procedures for processing check claims, revised instructions for handling unnegotiated and undelivered checks involved in claims relating to deceased or incompetent persons, and revised material relating to administrative accounting for uncollectible debts due the United States and the disposition of collections made by the General Accounting Office were added to Titles 4 and 6.

Revision of instructions for the preparation of Transportation Requests when stopovers during air travel are involved, and revision of instructions for the submission of transportation documents to the GAO Transportation Division by agencies under comprehensive or site audit, were added to Titles 5, 7, and 8.

Numerous changes to clarify and generally improve usefulness of standardized fiscal procedures were incorporated in Title 7.

3. Central Accounting and Related Procedures. During the year, revised procedures were installed for the issuance of substitute checks under the simplifications made possible by Public Law 85-183, approved August 28, 1957. Advantages resulted chiefly from the authority to issue a substitute check against the account on which the original check was drawn, thus eliminating the necessity for transfer of funds to a deposit fund account for substitute checks.

Developmental work was begun to establish procedures for separating amounts of deposits in transit and checks outstanding in the area of central accounting which pertains to disbursing officers operating with funded checking accounts.

The Chart of Accounts under the new system of central accounts was revised as required, and other procedural refinements continue to be made. A document was prepared, and furnished to a number of interested agencies, showing the tie-in between the central accounts and published reports of receipts, expenditures, and related assets and liabilities of the Government, in relation to the disclosure of cash in the account of the Treasurer of the United States, cash held by Government officers outside the Treasurer's account, deposits in transit for credit to the Treasurer's account, checks outstanding, the public debt, and trust and deposit fund liabilities.

4. Central Reporting. The comprehensive study of the financial reports required by the three central agencies from the administrative agencies, which started during fiscal year 1957, was completed. This study resulted in 15 recommendations related to clarification, simplification, or elimination of data which the agencies are presently required to report in prescribed format to the central agencies.

Implementing instructions were developed by the Bureau of the Budget for three of the recommendations. These involved (1) permanent instructions for reports on expenditure estimates, (2) reduction of the detail of personal service data in budget submissions, and (3) discontinuance of personal service overhead reports with budget submissions.

Three recommendations related to the need for continuing efforts to develop improved agency financial reports for management and to the use by the Bureau of the Budget and Treasury Department of agency reports rather than reports on forms prescribed for uniform application throughout the Government. The development by each agency of effective management reports, which will also supply the needs of the central agencies for financial data from the agency, is emphasized as an important part of agency financial management improvement plans. The Bureau of the Budget and the Treasury Department are encouraging the agencies in this regard by the acceptance of agency internal reports in lieu of standard form reports on the status of funds and balance sheets, in appropriate instances.

Other requirements of the central agencies which are receiving attention include (1) the consolidation of miscellaneous receipt classifications, (2) the simplification of accounting and reporting for agent cashier and other types of funds, (3) the similarity of financial data reported in budget submissions, status of funds statements (Form 133), and reports submitted pursuant to Section 1311(b) of the Supplemental Appropriation Act, 1955, (4) the treatment of intragovernmental reimbursements and revolving funds in the budget submissions, (5) the development of an improved and more useful object classification structure that will provide for grouping subcategories into major classes, and (6) the cancellation of Budget-Treasury Regulations 4, 5, and 6 and the issuance of a substitute regulation on foreign transactions.

During the year, there was continued progress in the development of comprehensive statements of assets and liabilities. A total of 115 agency organizational units furnished complete balance sheets as of June 30, 1958, compared with 86 as of June 30, 1957, and 72 as of June 30, 1956. Further progress is expected in view of the governmentwide financial management improvement efforts under the Joint Program and the continuing interest of congressional committees in the reporting of assets.

5. Central Disbursing. The comprehensive joint study of the question as to whether all or any part of the disbursing operations performed by the Treasury Department should be continued there or be transferred to the administrative agencies concerned, with particular regard for the large volume benefit payments for the Social Security Administration and Veterans Administration, was completed in December 1957. The Secretary of the Treasury, Director of the Bureau of the Budget, and Comptroller General concurred in

the conclusions of the joint committee in recommending against transfer of the central disbursing function. It was recognized that future developments, including the possible application of automatic data processing equipment, will undoubtedly warrant a reappraisal of the disbursing question at a later date.

The joint report indicated opportunities for achieving economies through improvements in procedures affecting disbursing operations as well as administrative program operations under the existing system. Potential economies to be derived from these improvements with respect to disbursing operations were estimated to be in excess of $1,500,000. Accomplishments during fiscal year 1958 in effecting these improvements are included in the material reported by the Treasury Department in the agency part of this report.

6. Property Accounting. The need for adequate property accounting throughout the entire Government has received continuous attention since the start of the Joint Accounting Improvement Program. Developments in this general area have been outlined each year in the annual progress reports.

A second inventory of real property leased to the United States Government throughout the world, as of June 30, 1957, was completed and a report issued by the General Services Administration in June 1958. This report disclosed total annual rentals amounting to $130.2 million, of which $109.1 million applied to leased properties in the United States.

The third annual inventory of real property owned by the United States Government throughout the world, as of June 30, 1957, was completed and a report issued by the General Services Administration in February 1958. This report shows Federal Government ownership of real property that cost $42.9 billion. This total is comprised of (1) $36.2 billion in the United States, (2) $3.8 billion in United States territories and possessions, and (3) $2.9 billion in foreign countries. No costs are included in this inventory for (1) unreserved public domain, (2) public domain reserved for national parks, national forests, military installations, and other purposes, and (3) historical sites where such sites have been acquired by methods other than by purchase. However, the acreage of such lands is included in the inventory.

The detail real property inventory listings, arranged geographically and by holding agency, are used by many agencies as a screening device to locate potential sites or buildings for future needs. This serves to reduce the number of new acquisitions which might occur if such information was not readily available. In addition, the inventory is helpful in the disposition of surplus realty, thus increasing revenues to the Government, as well as decreasing maintenance and other realty expense. Added advantages accrue to States and local governments by returning such property to their tax rolls. The inventories also assist in the justification of realty budgets by individual agencies, and are valuable in the evaluation of such budgetary requests by the Bureau of the Budget and the Congress.

The House Committee on Government Operations released, in December 1957, its third inventory report of real and personal property as a Committee Print. This report covers the property of the Government in the Continental United States, in the Territories, and Overseas, as of June 30, 1957. In compiling this report, the Committee again utilized the real property inventory data developed by General Services Administration and personal and real property data obtained from the civilian agencies and the Department of Defense with the assistance of the Treasury Department.

The accounting and accountability of furniture and furnishings is being transferred in fiscal year 1959 from the General Services Administration and the Post Office, agencies which acquired property for use of other agencies, to the using agencies. General Services Administration will continue to exercise the other management controls over the property for which it has responsibility as provided by law. In accordance with this arrangement, each agency will budget for its own furniture requirements at all locations for the fiscal year 1960, with the understanding that General Services Administration will continue to supply furniture in the fiscal year 1959 to agencies occupying space in Government-owned, GSA-controlled buildings outside the District of Columbia.

7. Automatic Data Processing in Government Business and Management Control Systems. In June 1958 the General Accounting Office submitted a report to the Congress on the state of development of electronic systems in Government operations, with recommendations regarding the further development of these systems. Since the first large-scale fully automatic business data processing machine was installed in 1951 in the Bureau of the Census, 120 additional large and small scale machines have been installed in Government agencies. Over $9 million has been expended for purchase of equipment and the annual rental cost of equipment leased is $20 million for prime shift operation.

Electronic systems are most extensively used in the Department of Defense where 85 electronic computers were installed as of December 31, 1957. These systems are being used principally in supply and logistics operations and in personnel accounting, financial accounting, and related statistical programs. Much of the electronics activity in the supply and logistics area involves such supply management matters as cataloging, inventory control, inventory distribution, requirements forecasting, and other related management, budgetary, and financial accounting processes.

In the civil departments and agencies, the principal large-scale efforts have been in specialized areas, such as in the Social Security wage record operations, Treasury check accounting operations, Department of Agriculture commodity stabilization operations, and Census statistical programs. Other civil agencies have installed systems for the processing of payrolls and cost accounting data, and for the preparation of statistical and financial accounting reports.

The type of work being performed with electronic equipment can be classified into broad categories of (1) processing large volumes of data, where the emphasis is on reduction of per-unit cost of transactions processed, and where there are relatively few management implications involved, and (2) processing large volumes of data where important management control implications are involved. In the first group are the processing of Treasury checks, Social Security wage records, and Census statistical tabulations which require large-scale recordkeeping and file maintenance, but which do not provide data for feedback as a control over other agency operations. In the second group are the systems for collecting, processing, and analyzing volume data quickly on a basis which produces results affecting other management control processes. Examples are the electronic systems employed in the supply and logistics programs of the Department of Defense to process information and produce reports which directly affect control over procurement, equipment modification, maintenance, distribution of supplies, and other related processes in the supply networks.

In addition to these two broad categories of systems, rather extensive use is being made of medium-scale equipment to provide expansion of present punched card systems in inventory supply operations, payroll processing, and related accounting report preparation. In most of the installations of this type, the emphasis has been on improvement of data processing, reduction in processing costs, and more timely report preparation, rather than on the development of improved concepts of management control or complete systems redesign.

Automatic data transceiver communication networks are also being extensively used, particularly in military supply and logistics systems, to provide faster, more accurate processing of requisitions and other transactions between decentralized locations and the central supply management facilities. This has resulted in a reduction in the time cycle required for the filling of requisitions and for redistribution of material, and the long-range effect should be a reduction in the size of inventories required in the field and in the supply pipelines.

The entire field of electronic data processing is in an early state of development, with pioneering as the rule rather than the exception. To date, Government electronic systems have largely been used for specific segments of programs rather than for integrating controls and procedures in related functional areas. In addition, many electronic systems were installed to replace existing conventional systems without benefit of a thorough systems analysis and reappraisal of management needs. Also, because of the pioneering and essentially experimental character of electronic systems, many problems have arisen in the broad planning efforts and in the execution of programs in this field.

Despite these growing pains, however, electronic systems are causing evolutionary changes in management control methods through development of management-by-exception techniques, and through the consolidation of related data in integrated management analysis reports. It is significant that, beginning with the application of automatic data processing to inventory control operations, there has been a gradual expansion of electronic systems into almost every functional area in the supply complex, i.e., program planning, budgeting, accounting, reporting, and other related processes. The full development of these systems has far-reaching significance in terms of more efficient utilization of resources, particularly in the supply and logistics area in the Department of Defense where present inventories amount to over 50 billion dollars, and procurement, modification, and maintenance programs run into billions of dollars annually.

The electronics report pointed out that several of the central agencies have major governmentwide responsibilities which are directly related to many of the problems involved in automatic data processing and that this relationship suggests the need for effective coordination in the solution of the problems. Some of these relate to electronic systems development, training of personnel, research, contracting for and maintenance of equipment, provision for joint use of equipment, automatic interchange of records between industry and Government, dissemination of information in this field, coordination between regulatory and other agencies, and retention of magnetic tape records. A coordinated governmentwide program established by the central agencies should promote research, help agencies considering electronic systems, help avoid earlier mistakes, and, in general, achieve greater efficiency and economy in the use of electronic systems.

8. Training of Government Personnel in Current Financial Management Practices. The attainment of modernized and streamlined financial management practices in Government operations requires that the personnel engaged in the financial management functions, and program operating personnel who can most benefit from improved financial management methods, must be continuously alert to new ideas and to the ways in which proven old ideas are applied to different situations and conditions throughout the Government.

This need is supplied in various ways by literature developed within the Government, by training programs conducted on a governmentwide basis under the auspices of the Civil Service Commission or on a single agency basis within a department (such as the Agriculture Department training courses), or by meetings and discussions within organizations developed for this purpose (such as the Federal Government Accountants Association, the Financial Management Roundtable, and others).

Early in 1958, plans were developed by the central agencies with the Civil Service Commission for the initiation of a training program for financial management personnel in the Federal Government. A committee consisting of representatives selected from the central agencies and the operating agencies worked with the Commission in the development of a program for a Financial Management Institute to be held in the fall of 1958. These plans culminated in two 1-week training sessions held in September and October 1958 which were attended by over 400 participants from headquarters and other offices of 21 departments and agencies.

The Financial Management Institute and the related Program of Internships are a part of the regular activities of the Commission designed to encourage and assist Federal agencies in discovering and providing for the development of employees who show potential. In addition to training the interns for higher executive responsibilities, the courses also provide a means for demonstrating practical and improved methods of training which can be used by Federal agencies in their own training programs. The programs were for the middle management group, but because of the demand, the Institute also included personnel in GS grades 13 to 15.

Approximately 25 top financial management officials in Government took part in the Institute and geared their respective discussions to the following subjects:

Financial Management and Its Relationship to Total Management.

Financial Organization and Structure of the Federal Government.

The Joint Program for Improving Accounting in the Federal Government.

Financial Organization and Internal Controls of an Operating Agency.

The Budget Formulation Process.

The Budget Execution Process.

Accounting and its Relation to Budgets and other controls.

Financial and Related Reports.

Audits and Other Review Activities.

Qualification Standards for Careers in Financial Management, and Trends and Developments in Management Control Systems.

Based on the experience obtained from the conduct of these programs and the critiques submitted by participants, the Commission will evaluate the need and desire for future programs of this type in the financial management area. A Joint Program committee is working with the Commission representatives to determine the nature and content, types, and frequency of these programs in Washington, the Civil Service Commission regional offices, or both.

Another aid to better understanding of the Joint Program and current concepts of financial management practices was a pamphlet entitled, "The Joint Program to Improve Accounting in the Federal Government, its Scope, Objectives, Concepts, and Methods" which was released during fiscal year 1958. Copies were distributed throughout the legislative and executive branches, and to interested parties outside the Federal Government.

This pamphlet was a joint product of the three central agencies and replaced a similar document issued in 1953. The purpose of this revision was to clarify the application of current concepts in the improvement of financial management, and to bring out more specifically the manner in which the efforts of all Federal agencies are organized and directed on a joint and cooperative basis toward the desired objectives. The Secretary of the Treasury, the Director of the Bureau of the Budget, and the Comptroller General commended this pamphlet to the attention of all management personnel in the agencies.

9. Position Classification Standards for Accountants. Representatives of the Civil Service Commission, the Joint Accounting Improvement Program Steering Committee and some of the operating agencies discussed a number of problems of mutual interest with respect to the development of a classification system for the accounting occupational area. The problems considered included the following:

(1) The need for reviewing the over-all picture and clearly establishing the total framework of position classification planned for accountants.

(2) The need for an accounting classification framework which will permit the establishment of stable career development and related college graduate recruitment programs whereby trainees and professional journeymen can progress through the ranks to the top positions in their occupational area.

(3) The possibility of regrouping and reducing the number of position classification standards now being applied to the total accounting function, which presents a management and administrative problem.

(4) The issuance of a proposed new GS-525 Accounting Technician Series for nonprofessional or subprofessional positions, and plans for completing position classification standards for professional accountants, GS-510 Series.

Following these meetings the Commission issued the GS-525 Accounting Technician position classification standards on an interim basis to satisfy some immediate needs. This issuance, which included material describing the relationship of the nonprofessional GS-525 Series to the uncompleted GS-510 Series for professional accountants, paved the way for immediate work on the professional series, which the Commission now expects to complete in the near future. Among the aspects to be considered are the need for standards based on present and projected development, and the desirability of agreement on a proposed grade structure.

These discussions also resulted in a better understanding between representatives of the Joint Program and the Commission of their mutual interests and problems, and the need for close cooperation in completing the preparation of modern position classification and qualification standards for positions in accounting organizations in the executive agencies. Representatives of the Joint Program will continue to work with the Commission in the development of these standards, which are vital to the building and staffing of competent accounting organizations throughout the Government.

10. Cost Principles for Research Projects. The Interagency Committee established to study the cost principles applicable to Government-sponsored research projects in colleges and universities concluded its assignment during 1958 after extensive exploration of the subject with representatives of the affected educational institutions. This included pilot audit tests at three universities, following which the Bureau of the Budget issued

the cost principles in Bureau Circular No. A-21 for uniform use by all agencies.

Questions concerning the overhead costs applicable to research projects with educational institutions had created many difficulties for the legislative branch as well as the executive agencies and, in December 1957, the House Committee on Appropriations requested the Comptroller General to report on the status of the interagency project. The urgency of the project was further pointed up in the deliberations of the House Committee regarding the 1959 appropriations for the Department of Health, Education, and Welfare, and the Department of Defense. In the case of the Department of Health, Education, and Welfare, the Committee continued the 15 percent limitation on overhead which had been imposed the previous year on the funds made available to the National Institutes of Health for medical research. The question of any change in the limitation was deferred until the Interagency Committee completed its final report. The Committee also considered establishing a similar limitation on funds made available to the Department of Defense for research and development, but decision was deferred.

11. The Joint Accounting Improvement Program in Overseas Operations. Progress in improving financial management practices continued during 1958 in the European area. The European Branch of the General Accounting Office rendered assistance to the Army and the Air Forces in the improvement of accounting systems and related logistical procedures, to provide for simplified and more economical operations.

The Army Command Management System (ACMS) was implemented through the joint efforts of the GAO European Branch and the Army (USAREUR) Comptroller ACMS Team. This included (1) simplification, revision, and publication of ACMS manual (second draft); (2) establishment of procedures for Seventh Army participation; (3) orientation of USAREUR service schools preliminary to including their operation under ACMS; (4) establishment of procedures defining reporting responsibilities for headquarters; (5) technical assistance visits to major subordinate commands and selected depots; and (6) distribution of guidance to subordinate commands for the development of the USAREUR Budget Execution Plan on a cost of performance basis for fiscal year 1959.

Project teams which included members of the GAO European Branch were organized for specific assignments in Air Forces (USAFE) improvement programs. These teams were established to review operations and develop accounting procedures for improvement of financial management and better control over functional areas.

PART III

STATUS OF AGENCY FINANCIAL MANAGEMENT IMPROVEMENT PROGRAMS

AS REPORTED BY THE AGENCIES
AS OF JUNE 30, 1958

FOREWORD

Under the Joint Accounting Improvement Program, the Federal agencies have coordinated their improvement activities in an organized effort toward the establishment of modernized financial management systems in each agency. In the past fiscal year this effort has been concentrated on carrying out individual agency plans of action developed as a result of Bureau of the Budget Bulletin No. 57-5, which provided the policies and guidelines to be followed by all agencies. This part of the report presents the current status of this effort as reported by the operating agencies.

The major objectives of these plans of action--which are common to all agencies--are: the development of accrual accounting, including monetary property records; the application of cost-based budgeting, both for internal management and for appropriation presentation purposes; the establishment of consistent budget and accounting classifications synchronized with the organization structure, so as to provide data on the cost of performance of assigned functions; and the use of simplified structures for the financing of agency operations. In many agencies, however, the program also includes such objectives as the strengthening of the agency's financial organization, the training of personnel engaged in financial operations, the further development of timely and useful financial reports, or the establishment of effective internal controls, including an appropriate internal audit operation. Part IV of this report outlines many of the agency accomplishments of this type during the past year.

To obtain an across-the-board picture of the progress being made, the Bureau of the Budget issued Bulletin No. 59-2, which requested each participating agency to submit a report of the status of its plan of action as of June 30, 1958. This information was requested in terms of the major common objectives of the program as outlined above. The agency responses to this request are set forth in the following tabulations. One of these summarizes the reports of the civilian agencies. Separate tabulations were made for the Department of Defense to more clearly reflect the situation in that Department in view of the size and complexity of the job in that area.

The reported data are shown as submitted by the individual operating agencies and, therefore, represent each agency's own evaluation of the degree to which it has attained the basic objectives and goals. Even in those cases where the work is reported by the agencies to be completed, it should be recognized that further improvements and refinements will be required in many cases in the course of the continuous efforts under this program. These data have not been independently verified or comprehensively evaluated by the central agencies.

Civilian Agencies

The civilian agency tabulation is consistent with the form and content of the report submitted by the agencies under Bulletin No. 59-2. In this connection, however, working capital funds as a general rule are not listed separately in the tabular material. Agency reporting was not consistent on these types of funds and, in most agencies, these funds were on an accrual basis prior to this program. They are specified in a few cases, however, wherever necessary to distinguish them from the accounting and budgeting for the other funds of the agencies involved.

Generally, the columnar entries show either that the agency considers the specific improvement work to be completed, or the agency's target date for completion under current plans. In some cases, other entries are used where necessitated by the nature of the agency's submission.

"Complete" in each of the columns means:

1. In the first two columns, that the accounting system has been revised to incorporate monetary property accounting and other accruals to the extent considered necessary by the agency.
2. In the next column, that the agency feels its budget procedures provide for appropriate consideration of accrual information in its internal budget process.
3. Under "Budget Presentation," that the agency budget has been shown in the Budget Document on a cost basis beginning at least for fiscal year 1959.
4. In the next column, that the agency considers its current budget, accounting, and organization classifications to be consistent to the extent feasible.
5. In the last column, that the agency feels its existing allotment structure represents the minimum necessary for effective fund control.

STATUS OF CIVIL AGENCY FINANCIAL MANAGEMENT IMPROVEMENT PROGRAMS
AS REPORTED BY THE AGENCIES
AS OF JUNE 30, 1958

Key: Complete - Reflects agency report that the improvement has been installed.
Date - Indicates agency target for completion of improvement, or fiscal year budget for presenting cost-based budget request.
INDEFINITE - Agency reports no specific target date for completion of improvement.

Organization	Accrual Accounting		Cost-based Budgeting		Synchronized Classifications	Simplified Allotments
	Property Accounting	Other Accruals	Used Internally	Budget Presentation		
Department of Agriculture:						
Agr. Marketing Service	Complete	Complete	Complete	INDEFINITE	Complete	Complete
Agr. Research Service	Complete	Complete	Complete	INDEFINITE	Complete	Complete
Commodity Exchange Authority	Complete	Complete	Complete	1960	Complete	Complete
Commodity Stabilization Service	Complete	Complete	Complete	INDEFINITE	Complete	Complete
Farmer Cooperative Service	Complete	Complete	Complete	1960	Complete	Complete
Farmers Home Administration	Complete	Complete	Complete	INDEFINITE	Complete	Complete
Federal Crop Insurance Corp.	Complete	Complete	Complete	1960	Complete	Complete
Federal Extension Service	Complete	Complete	Complete	INDEFINITE	Complete	Complete
Foreign Agricultural Service	Complete	6/59	Complete	INDEFINITE	Complete	Complete
Forest Service	Complete	Complete	Complete	INDEFINITE	Complete	Complete
Library	Complete	Complete	Complete	1960	Complete	Complete
Office of General Counsel	Complete	Complete	Complete	1960	Complete	Complete
Office of Information	Complete	Complete	Complete	1960	Complete	Complete

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Organization	Accrual Accounting		Cost-based Budgeting		Synchronized Classifi-cations	Simplified Allotments
	Property Accounting	Other Accruals	Used Internally	Budget Presentation		
Agriculture (Cont'd)						
Office of the Secretary	Complete	Complete	Complete	1960	Complete	Complete
Rural Electrification Admin.	Complete	Complete	Complete	INDEFINITE	Complete	Complete
Soil Conservation Service	Complete	Complete	Complete	INDEFINITE	Complete	Complete
Department of Commerce:						
Bureau of the Census	Complete	Complete	Complete	1961	Complete	Complete
Bureau of Public Roads Administrative Expenses and Depot Operations	Complete	Complete	7/60	1962	Complete	Complete
Grants-in-aid and Other Programs	NO PROVISION BEING MADE TO EMPLOY ACCRUAL ACCOUNTING					
Civil Aeronautics Administration Washington National Airport	Complete	Complete	Complete	Complete	Complete	Complete
Other Programs	7/61	7/61	7/62	1963	7/59	Complete
Coast and Geodetic Survey	Complete	Complete	7/60	Complete	Complete	Complete
Maritime Administration	Complete	Complete	7/60	1961	7/60	7/61
Natl. Bureau of Standards	Complete	Complete	7/59	1961	9/58	Complete

Office of the Secretary	Complete	Complete	7/59	1961	Complete	Complete
Patent Office	Complete	Complete	7/59	1961	Complete	Complete
Weather Bureau	Complete	7/59	7/60	1961	7/59	7/59
Dept. of Health, Educ. and Welfare:						
Bur. of Federal Credit Unions	Complete	Complete	Complete	Complete	Complete	Complete
Food and Drug Administration	7/59	Complete	INDEFINITE	1961	Complete	7/59
Office of Education	7/59	Complete	INDEFINITE	1961	Complete	Complete
Office of the Secretary	Complete	Complete	INDEFINITE	1960	Complete	Complete
Office of Field Admin.	Complete	Complete	INDEFINITE	1960	Complete	Complete
Office of General Counsel	Complete	Complete	INDEFINITE	1960	Complete	Complete
Surplus Property Utilization	Complete	Complete	INDEFINITE	1960	Complete	Complete
Office of Vocational Rehabilitation	Complete	Complete	INDEFINITE	1961	Complete	7/59
Public Health Service	Complete	Complete	INDEFINITE	1961	INDEFINITE	Complete
St. Elizabeths Hospital	12/58	Complete	INDEFINITE	1961	Complete	Complete
Social Security Administration						
Bureau of Public Assistance	Complete	Complete	INDEFINITE	1961	Complete	Complete
Bur. of Old Age & Survivors Ins.	Complete	Complete	INDEFINITE	1961	Complete	Complete
Childrens' Bureau	Complete	Complete	INDEFINITE	1961	Complete	Complete
Office of Commissioner	Complete	Complete	INDEFINITE	1961	Complete	Complete

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Organization	Accrual Accounting		Cost-based Budgeting		Synchronized Classifications	Simplified Allotments
	Property Accounting	Other Accruals	Used Internally	Budget Presentation		
Department of Interior:						
Bonneville Power Administration	Complete	Complete	Complete	Complete	Complete	Complete
Bureau of Indian Affairs	Complete	Complete	Complete	Complete	Complete	Complete
Bureau of Land Management	Complete	Complete	6/60	1962	6/59	6/59
Bureau of Mines	Complete	Complete	Complete	Complete	Complete	Complete
Bureau of Reclamation	Complete	Complete	Complete	Complete	Complete	Complete
Fish and Wildlife Service	7/60	7/60	7/60	1962	Complete	7/60
Geological Survey	7/59	7/59	7/59	1962	Complete	Complete
National Park Service	9/59	Complete	7/60	1961	7/60	Complete
Office of the Secretary						
Working Capital Fund	Complete	Complete	Complete	Complete	Complete	Complete
Other Funds	Complete	INDEFINITE			Complete	Complete
Office of Territories						
Alaska Railroad	Complete	Complete	Complete	Complete	Complete	Complete
Director's Office	NO ACTION CONTEMPLATED					

Govt. of American Samoa	6/60	6/60	7/61	1962	Complete	6/60
Govt. of Virgin Islands	—— INDEFINITE - PENDING COORDINATION WITH VIRGIN ISLANDS GOVERNMENT ——					
Trust Territory of Pacific Islands	Complete	Complete	7/60	1962	Complete	Complete
Virgin Islands Corporation	Complete	Complete	Complete	Complete	Complete	Complete
Southeastern Power Administration	Complete	Complete	Complete	Complete	Complete	Complete
Southwestern Power Administration	Complete	Complete	Complete	Complete	Complete	Complete
Department of Justice:						
Bureau of Prisons	Complete	Complete	7/59	1960	Complete	Complete
Federal Bur. of Investigation	Complete	Complete	Complete	1960	Complete	Complete
Immig. and Naturalization Service	Complete	6/59	12/59	1960	Complete	Complete
Legal Activities and Genl. Admin.	Complete	Complete	Complete	1960	Complete	Complete
Department of Labor:						
Bur. of Apprenticeship and Training	—— PROGRAM TO BE DEVELOPED ——					
Bur. of Employee's Compensation	—— PROGRAM TO BE DEVELOPED ——					
Bur. of Employment Security						
Farm Labor Supply Revolving Fund	12/58	12/58	9/58	1960	Complete	Complete
Other Funds	—— PROGRAM TO BE DEVELOPED ——					
Bur. of Labor Standards	—— PROGRAM TO BE DEVELOPED ——					
Bur. of Labor Statistics	—— PROGRAM TO BE DEVELOPED ——					
Bur. of Vets. Reemployment Rights	—— PROGRAM TO BE DEVELOPED ——					

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Organization	Accrual Accounting		Cost-based Budgeting		Synchronized Classifications	Simplified Allotments
	Property Accounting	Other Accruals	Used Internally	Budget Presentation		
Labor (Cont'd)						
Office of the Secretary Working Capital Fund	Complete	Complete	Complete	Complete	Complete	Complete
Other Funds	PROGRAM TO BE DEVELOPED					
Office of the Solicitor	PROGRAM TO BE DEVELOPED					
Wage and Hour Division	PROGRAM TO BE DEVELOPED					
Women's Bureau	PROGRAM TO BE DEVELOPED					
Post Office Department	7/63	7/59	7/59	1961	Complete	Complete
Department of State:						
Intl. Boundary and Water Comm.	Complete	Complete	Complete	Complete	Complete	Complete
Intl. Cooperation Administration Administrative Expenses	12/58	Complete	12/59	1962	12/58	Complete
Program Funds	12/58	12/58	12/59	1962	12/58	12/58
Departmental and Other Programs	JOINT STATE-BOB-GAO REVIEW AND IMPROVEMENT PROJECT ORGANIZED					
Treasury Department:						
Bureau of Customs	Complete	Complete	INDEFINITE		Complete	Complete

Bur. of Engraving & Printing	Complete	Complete	Complete	Complete	Complete	Complete
Bureaus of the Fiscal Service						
Bureau of Accounts	Complete	Complete	INDEFINITE		Complete	Complete
Bureau of Public Debt	Complete	Complete	INDEFINITE		Complete	Complete
Office of the Treasurer	Complete	Complete	INDEFINITE		8/58	8/58
Bureau of the Mint	Complete	Complete	Complete	Complete	Complete	Complete
Bureau of Narcotics	Complete	Complete	INDEFINITE		12/58	12/58
Internal Revenue Service	Complete	Complete	INDEFINITE		Complete	Complete
Office of Admin. Services	Complete	Complete	INDEFINITE		Complete	Complete
U.S. Coast Guard	Complete	Complete	Complete	Complete	Complete	Complete
U.S. Savings Bond Division	Complete	Complete	INDEFINITE		Complete	Complete
U.S. Secret Service	Complete	Complete	INDEFINITE		8/58	8/58
Airways Modernization Board	10/58	10/58	NO PLANS MADE		Complete	Complete
American Battle Monuments Commission	1/59	1/59	1/59	1961	Complete	Complete
Atomic Energy Commission	Complete	Complete	Complete	Complete	Complete	Complete
Bureau of the Budget	Complete	Complete	Complete	1960	Complete	Complete
Civil Aeronautics Board	7/59	7/59	NO PLANS MADE		Complete	Complete
Civil Service Commission	Complete	Complete	Complete	Complete	Complete	Complete
Export-Import Bank	Complete	Complete	Complete	Complete	Complete	Complete
Farm Credit Administration	Complete	Complete	Complete	1961	Complete	Complete
Federal Coal Mine Safety Board	Complete	Complete	Complete	1961	Complete	Complete

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Organization	Accrual Accounting		Cost-based Budgeting		Synchronized Classifications	Simplified Allotments
	Property Accounting	Other Accruals	Used Internally	Budget Presentation		
Federal Communications Commission	Complete	Complete	Complete	1960	Complete	Complete
Federal Deposit Insurance Corp.	Complete	Complete	Complete	NOT APPLICABLE	Complete	Complete
Federal Home Loan Bank Board	Complete	Complete	Complete	Complete	Complete	Complete
Federal Savings & Loan Ins. Corp.	Complete	Complete	Complete	Complete	Complete	Complete
Federal Mediation & Council Service	Complete	Complete	Complete	1961	Complete	Complete
Federal Power Commission	Complete	Complete	Complete	INDEFINITE	Complete	Complete
Federal Trade Commission	Complete	12/58	6/59	1961	Complete	Complete
Foreign Claims Settlement Comm.	Complete	Complete	Complete	1961	Complete	Complete
General Accounting Office	Complete	Complete	Complete	Complete	Complete	Complete
General Services Administration	Complete	Complete	Complete	PARTIAL-OTHERS INDEFINITE	Complete	Complete
Housing and Home Finance Agency:						
Federal Housing Administration	Complete	Complete	Complete	Complete	Complete	Complete
Federal Natl. Mortgage Assoc.	Complete	Complete	Complete	Complete	Complete	Complete
Office of the Administrator	12/58	12/58	Complete	INDEFINITE	Complete	Complete

Public Housing Administration Low Rent Program	Complete	Complete	Complete	Complete	Complete	Complete
Emergency Housing Program	Complete	PROGRAM EXPECTED TO END BY 6/59			Complete	Complete
Indian Claims Commission	6/59	6/59	6/59	1961	Complete	6/59
Interstate Commerce Commission	Complete	Complete	Complete	INDEFINITE	Complete	Complete
Natl. Advisory Comm. for Aero.	Complete	Complete	Complete	Complete	Complete	Complete
Natl. Capital Planning Comm.	Complete	Complete	Complete	1960	Complete	Complete
Natl. Labor Relations Board	6/59	9/59	3/59	1962	9/60	1/59
Natl. Mediation Board	Complete	Complete	Complete	1961	Complete	Complete
Natl. Science Foundation	12/58	6/59	6/59	1962	Complete	Complete
Natl. Security Council	Complete	Complete	Complete	1960	Complete	Complete
Office of Civil and Def. Mobil.	Complete	Complete	Complete	1961	9/58	Complete
Panama Canal and Canal Zone Govt.	Complete	Complete	Complete	Complete	Complete	Complete
Railroad Retirement Board	Complete	Complete	Complete	INDEFINITE	Complete	Complete
Renegotiation Board	Complete	Complete	Complete	1961	Complete	Complete
St. Lawrence Seaway Dev. Corp.	Complete	Complete	Complete	Complete	Complete	Complete
Securities and Exchange Comm.	6/59	6/59	Complete	1961	Complete	Complete
Selective Service System	Complete	Complete	Complete	INDEFINITE	Complete	Complete
Small Business Administration	Complete	Complete	—— INDEFINITE ——		Complete	Complete
Smithsonian Institution	6/59	6/59	6/59	1960	6/59	6/59
National Gallery of Art	Complete	Complete	Complete	1960	Complete	Complete

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Organization	Accrual Accounting		Cost-based Budgeting		Synchronized Classifications	Simplified Allotments
	Property Accounting	Other Accruals	Used Internally	Budget Presentation		
Subversive Activities Control Board	/Complete/	/Complete/	/Complete/	1960	/Complete/	/Complete/
Tariff Commission	/Complete/	/Complete/	6/59	1961	6/59	/Complete/
Tennessee Valley Authority	/Complete/	/Complete/	/Complete/	/Complete/	/Complete/	/Complete/
U.S. Information Agency	INDEFINITE				/Complete/	/Complete/
U.S. Soldiers Home	6/59	6/60	6/60	1962	/Complete/	6/59
U.S. Tax Court	/Complete/	/Complete/	/Complete/	1960	/Complete/	/Complete/
Veterans Administration	/Complete/	/Complete/	/Complete/	/Complete/	/Complete/	/Complete/
D. C. Government:						
Executive Office	/Complete/	/Complete/	/Complete/	1961	/Complete/	/Complete/
Dept. of General Administration	/Complete/	/Complete/	/Complete/	1961	/Complete/	/Complete/
Office of Corporation Counsel	/Complete/	/Complete/	/Complete/	1961	/Complete/	/Complete/
Regulatory Agencies						
Alcohol Beverage Control Board	/Complete/	/Complete/	/Complete/	1961	/Complete/	/Complete/
Board of Parole	/Complete/	/Complete/	/Complete/	1961	/Complete/	/Complete/
Office of Coroner	/Complete/	/Complete/	/Complete/	1961	/Complete/	/Complete/

Dept. of Insurance	Complete	Complete	Complete	1961	Complete	Complete
Minimum Wage & Ind. Safety Bd.	Complete	Complete	Complete	1961	Complete	Complete
Recorder of Deeds	Complete	Complete	Complete	1961	Complete	Complete
Public Utilities Commission	Complete	Complete	Complete	1961	Complete	Complete
Planning and Zoning	Complete	Complete	Complete	1961	Complete	Complete
Dept. of Veterans Affairs	Complete	Complete	Complete	1961	Complete	Complete
Office of Civil Defense	Complete	Complete	Complete	1961	Complete	Complete
Office of the Surveyor	Complete	Complete	Complete	1961	Complete	Complete
Motor Vehicle Parking Agency	Complete	Complete	Complete	1961	Complete	Complete
National Guard	Complete	Complete	Complete	1961	Complete	Complete
Dept. of Vocational Rehab.	Complete	Complete	Complete	1961	Complete	Complete
Courts						
Juvenile Court	Complete	Complete	Complete	1961	Complete	Complete
Municipal Court	Complete	Complete	Complete	1961	Complete	Complete
Court of Appeals	Complete	Complete	Complete	1961	Complete	Complete
Tax Court	Complete	Complete	Complete	1961	Complete	Complete
Dept. of Sanitary Engineering	7/59	7/59	7/59	1962	7/59	Complete
Dept. of Corrections	7/59	7/59	7/59	1962	7/59	Complete
Dept. of Public Welfare	7/59	7/59	7/59	1962	7/59	Complete
Dept. of Public Health	7/59	7/59	7/59	1962	7/59	Complete
Public Library	7/59	7/59	7/59	1962	7/59	Complete

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Organization	Accrual Accounting		Cost-based Budgeting		Synchronized Classifications	Simplified Allotments
	Property Accounting	Other Accruals	Used Internally	Budget Presentation		
D.C. Government (Cont'd)						
Recreation Department	7/59	7/59	7/59	1962	7/59	/Complete/
Dept. of Occupations & Professions	7/60	7/60	7/60	1963	7/60	/Complete/
Metropolitan Police	7/60	7/60	7/60	1963	7/60	/Complete/
Fire Department	7/60	7/60	7/60	1963	7/60	/Complete/
Dept. of Licenses & Inspections	7/60	7/60	7/60	1963	7/60	/Complete/
Dept. of Vehicles & Traffic	7/60	7/60	7/60	1963	7/60	/Complete/
Dept. of Buildings & Grounds	7/60	7/60	7/60	1963	7/60	/Complete/
Dept. of Highways	7/60	7/60	7/60	1963	7/60	/Complete/
Public Schools	7/60	7/60	7/60	1963	7/60	/Complete/

Department of Defense

In the Department of Defense, this program is being conducted under the leadership of the Office of Secretary of Defense, in close cooperation with the central agencies through the Committee on Defense Participation in the Joint Accounting Improvement Program. Under these arrangements, the Bulletin No. 57-5 program is being carried out by means of a series of work projects established by this Committee, utilizing staff of the central agencies, the Office of Secretary of Defense, and the constituent military departments to make up joint teams appropriate to the immediate assignment.

The objectives of these project teams are the same as those identified above for the civil agencies i.e., the development of accrual accounting, cost-based budgeting, synchronized classifications, and simplified allotments. However, because of the complexity of Defense operations, effort towards the attainment of these objectives is organized along functional appropriation lines; and within these categories, separate projects are established for review, development, and installation work. This is the basis of presentation in the tabulations set forth below.

The first of these tabulations presents the status of the work involved in the development of Defense-wide directives that set forth the policies and guidelines to be followed by the military departments in the installation of modernized systems. The second presents the status of improvement efforts in each of the military departments, in relation to the major common objectives of this governmentwide program.

The columnar entries in these tabulations identify areas in which the specific improvement is reported to be completed--in some cases, as indicated, it is reported to be just initiated or to be completed only on a "partial" basis. Target dates are not shown, because the Department of Defense reports that a time-phased program has not been established. The open items in these tabulations, therefore, represent areas in which the improvement work still remains to be done.

STATUS OF DEFENSE FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM
AS REPORTED BY THE DEPARTMENT OF DEFENSE
AS OF JUNE 30, 1958

DEPARTMENTAL POLICIES AND GUIDELINES

Key: /Complete/ - Reflects agency report that the improvement has been installed.
Open items - Indicates improvement work remains to be done.

Improvement Area	Fact-finding Study	Directive Drafted	Directive Implemented
Functional Appropriation Areas:			
Operation and Maintenance	/Complete/	/Complete/	
Military Construction	/Complete/	/Complete/	
Procurement and Production	INITIATED		
Research and Development	INITIATED		
Military Personnel	INITIATED		

Improvement Area	Directive Issued	Directive Implemented
Industrial Funds	/Complete/	/Complete/
Stock Funds	/Complete/	/Complete/ 1/
Other Inventories	PARTIAL	PARTIAL

1/ Departmental regulations contemplate coverage of all consumable materiel except certain locally-financed inventories; as of June 30, 1958, there are certain exceptions in each of the military departments.

STATUS OF MILITARY DEPARTMENTS

Improvement Area	Army		Navy	Air Force
	Civil Works	Other		
Property Accounting	Complete			
Consumable Materiel		Complete 2/	Complete 2/	Complete 2/
Ships, Aircraft, Equipment & Major Components		Complete 2/	Complete 2/	PARTIAL 2/
Installed Equipment		PARTIAL 2/	Complete 2/	
Real Property		Complete	Complete	Complete
Other Accruals	Complete			
Stock Fund		Complete	Complete	Complete
Industrial Fund		Complete	Complete	Complete
Appropriations:				
Accounts Receivable		Complete 3/	Complete	PARTIAL
Accounts Payable:				
Operation & Maintenance		Complete		PARTIAL
Military Construction		Complete	Complete	
Procurement & Production				
Research & Development				
Military Personnel				

2/ Financial and accrual accounting are installed for these items to the extent indicated. However, for appropriation financed materiel, it is not integrated with the accounting for the financing appropriation.

3/ Installed, but further improvements required.

STATUS OF DEFENSE FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM
AS REPORTED BY THE DEPARTMENT OF DEFENSE
AS OF JUNE 30, 1958

STATUS OF MILITARY DEPARTMENTS

Key: Complete - Reflects agency report that the improvement has been installed.
Open items - Indicates improvement work remains to be done.

Improvement Area	Army		Navy	Air Force
	Civil Works	Other		
Internal Cost-based Budgeting	Complete			
Functional Appropriation Areas:				
Operation and Maintenance		Complete		
Military Construction		Complete	Complete	
Procurement and Production				
Research and Development				
Military Personnel				
Cost-based Budget Presentation for Appropriation Requests	Complete			
Functional Appropriation Areas:				
Operation and Maintenance				
Military Construction				
Procurement and Production				
Research and Development				
Military Personnel				

Improvement Area	Army		Navy	Air Force
	Civil Works	Other		
Synchronized Classifications	Complete			
Functional Appropriation Areas:[4]				
Operation and Maintenance		PARTIAL	PARTIAL	
Military Construction		PARTIAL	PARTIAL	PARTIAL
Procurement and Production		PARTIAL	PARTIAL	PARTIAL
Research and Development		PARTIAL	PARTIAL	PARTIAL
Military Personnel		PARTIAL	PARTIAL	PARTIAL
Simplified Allotments	Complete			
Functional Appropriation Areas:[4]				
Operation and Maintenance		Complete	Complete	Complete
Military Construction		Complete	Complete	Complete
Procurement and Production		Complete	Complete	Complete
Research and Development		Complete	Complete	Complete
Military Personnel		Complete	Complete	Complete

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[4] Status in these functional areas subject to review and revision in course of action under this improvement program.

PART IV

AGENCY PROGRESS DURING
FISCAL YEAR ENDED
JUNE 30, 1958

FOREWORD

The material in this part of the report has been submitted by various operating agencies to illustrate some of the improvements they have accomplished or were in the process of developing during fiscal year 1958. These are selective and do not include all the financial management improvements of all agencies during the year. The significance and completeness of this material have not been independently verified or comprehensively evaluated by the central agencies under the Joint Accounting Improvement Program.

Some of these improvement efforts have been carried out by joint teams of operating agency personnel assisted by central agency personnel under the cooperative working arrangements of the Joint Program. Others have been carried out by the operating agencies themselves within the framework of pertinent law and the principles, examples, and other guidelines provided by the central agencies. The responsibility for developing necessary improvements in agency financial management systems and procedures rests with each operating agency, as does the credit for the effectiveness and economy of the improvements.

The illustrative accomplishments that follow indicate that the improvement efforts of the operating agencies are not static. Instead they are directed toward the continuing development of better methods, procedures, and techniques to increase the economy and efficiency of agency financial management in relation to current conditions and needs.

DEPARTMENT OF AGRICULTURE

The Department, through the coordinated efforts of the Office of Budget and Finance in the Office of the Secretary and the agencies' budget and accounting representatives, continued to make progress in the improvement of financial management operations throughout the Department. This program is carried out within the framework of accounting principles and standards prescribed by the Comptroller General, objectives of the Joint Program for Improving Accounting in the Federal Government, the Bureau of the Budget's Program for Improvement of Financial Management and the Budget and Accounting Procedures Act of 1950. This work was performed with the cooperation and assistance of the General Accounting Office, Treasury Department and the Bureau of the Budget.

In carrying out the objectives of the programs in the Department of Agriculture, particular emphasis is placed on developing and installing improved accounting systems to meet more effectively the needs of management; the establishment of needed internal controls; the development of simplified budgetary controls; and provision for obtaining from accounting records, meaningful, timely and reliable financial data for local management use; and to meet all financial reporting requirements.

The revision, development, modernization and simplification of accounting systems was actively conducted during the year in 11 agencies, involving 14 of the accounting systems of the Department, and this work had progressed to various stages of completion by the end of the year. Accounting manuals documenting the accounting systems for the Library (including the working capital fund), working capital fund of the Agricultural Research Center of the Agricultural Research Service, and the Forest Service working capital fund have been completed and are now undergoing final review prior to submission to the General Accounting Office for approval. The accounting system for Commodity Stabilization Service was submitted to the Comptroller General for approval. The consolidated disbursement account installed in the Commodity Stabilization Service in 1957 on a trial period for 1 year was approved by the General Accounting Office and the Bureau of the Budget for use on a permanent basis. Accounting systems for the Commodity Exchange Authority and the Rural Electrification Administration were approved by the Comptroller General during the year.

Accrual accounting practices have now been established in all 16 constituent agencies of the Department in accordance with principles and standards prescribed by the Comptroller General and guidelines set forth in the Bureau of the Budget Program for Improvement of Financial Management. Thus the accounting systems in all agencies provide necessary data for internal cost based budgeting practices, and for the submission of appropriation requests on a cost basis. Appropriation requests for seven agencies are to be presented in the 1960 budget on a cost basis, and the others will be converted in the future as determined in accordance with Bureau of the Budget Circular A-11. Maximum synchronization of budget and accounting classifications with organizational units has been achieved, and allotments are now made at the highest organizational level consistent with management responsibility for control of obligations.

Accounting systems will continue to be revised and modified as necessary to meet changing requirements and to provide more effective financial information for management.

While the Department has given attention to financial reporting in past years, particularly in connection with the accounting systems work, a Department-wide review of agency reporting systems, including financial reports, was started during the year. One objective is to provide management officials with the type of reports needed in carrying out their assigned functions. This review is being made in four stages as follows:

1. Description of the agencies' reporting systems and practices.
2. Preparation of an inventory of required and recurring reports for use both internally and externally.
3. Analysis of external reports.
4. Analysis of internal reports.

While much has been accomplished in the Department-wide survey of reporting, the Department is not yet in a position to evaluate the results insofar as they pertain to financial reporting.

One more agency internal audit staff has been established in the Department. Added emphasis was placed on the development of audit programs with particular attention being given to the management aspects of the respective functions. Surveys were made, by the Internal Audit Staff in the Office of Budget and Finance, of certain agencies' audit activities to determine the degree of compliance with the Department's policy regarding scope and coverage. During these surveys, specific attention was also given to audit techniques, working papers, reports, and report follow-up.

Continued study and effort were directed to improvements in fiscal policies, methods and procedures to achieve increased efficiency and economy in fiscal operations. Improvements included: (1) extensive revision of the Department's Administrative Regulations relating to fiscal requirements governing cooperative agreements and to simplify and improve (a) payment and vouchering procedures, (b) bonding of employees, (c) financial control of expendable personal property and (d) examination and reconciliation of accounts; (2) improved travel policies relating to (a) uniform per diem rate for attendance at meetings and uniform personal preference mileage rate, (b) use of procedural-type travel authorizations, and (c) approval of travel vouchers; (3) use of imprest funds to pay travel advances under $15; and (4) simplified payment procedure for small shipments.

The Department is continuing its exploration of new areas for the application of electronic data processing. Feasibility studies are currently under way in two of the Department's larger agencies. These studies are for the purpose of considering the utilization of electronic data processing in a number of accounting, payrolling, budgeting, supply and personnel operations. One of these studies is in its final stages and recommendations will soon be forthcoming.

Particular developments in constituent agencies follow.

Agricultural Research Service

All personal property records have been converted to punched card operations, and reconciliations of such records with general ledger accounts are being made monthly. The punched card records will be used for property management purposes, and will facilitate the taking of inventories at field locations. Inventories of all real property holdings have been completed and the value of all real property will be recorded in the accounting records.

Motor vehicle operating data is being transferred to punched cards from which the preparation of annual and other reports useful in the management of the car and truck fleet will be prepared.

A survey was conducted of the financial activities and requirements of program divisions. The survey reports are being reviewed and evaluated to determine if any changes are required in the accounting system to (1) provide maximum usefulness to divisions in carrying out their program operations, (2) coordinate such need with the need of the Administrator in carrying out his over-all responsibilities for ARS operations, and (3) furnish necessary data to meet the accounting and reporting requirements of the Treasury Department, Bureau of the Budget and the General Accounting Office.

The Dwight Eisenhower Library

Agricultural Marketing Service

Increased attention has been given in the internal audit to the review and appraisal of the agency's programs. Comprehensive surveys of two major operating programs were completed during the year. These studies were designed to develop complete information as to operations in the programs studied. The scope of audits has been expanded to include all Washington office activities.

Farmers Home Administration

The survey of budget and accounting operations was completed and the findings are being used in the development of the accounting system which will be submitted to the Comptroller General for approval. The revised general ledger accounts have been installed and features an improved coding system and a substantial reduction in the number of accounts.

The arrangement and content of the National Finance Office audit program is being revised. The new audit program will provide more comprehensive coverage on such things as organization, delegations of authority, research and planning, supervisory controls, machine utilization, and records and communications management.

Federal Crop Insurance Corporation

A comprehensive study of the accounting system for appropriated funds was started during fiscal year 1958. The present system will be revised and supplemented, where necessary, to provide accounts and procedures needed for an integrated accounting system designed to meet the needs of management.

Federal Extension Service

A chapter of the Administrative Handbook, "Cooperative Extension Funds," was prepared and distributed to the states for their guidance. This chapter sets forth guidelines, requirements and restrictions relating to the use of Federal and state matching funds. It represents a consolidation of numerous memorandum instructions issued since the program began.

An internal audit staff was established in September 1957. This full time internal audit staff will carry out an audit program of broad scope and coverage. During the next fiscal year audit programs and procedures will be formalized and a reporting procedure will be developed.

Foreign Agricultural Service

The Service's property records have been set up under a composite system which reduced the number of cards from 6,000 to 150.

Forest Service

The revised general ledger accounts were installed July 1, 1958. These include real property (except public domain), advances to cooperators, and budgetary control accounts. Functional and subfunctional classifications were expanded to provide needed information to all levels of management.

Conversion of several major segments of the fiscal and accounting work to punched card processes is almost complete in practically all of the regional field offices.

The operation of sign shops, laboratory equipment, boats, and photo reproduction plants was placed under the working capital fund.

An organizational realignment was made during the year, in the Washington office, to combine the Service's budget and fiscal operations under a single division director which will result in closer coordination and integration of the budget and accounting functions.

The initial staffing of the new Internal Audit Staff has been completed. Pilot audits have been made and audit procedures are now in process of development.

Soil Conservation Service

Prior to January 1958, internal audits of state offices were scheduled to alternate with program inspections every other year. Since then, the program inspections have been discontinued. Instead, top agency officials coordinate their supervisory visits so as to be present when the internal audit findings are reviewed with state officials. This results in prompt consideration of the auditors' findings and a determination of immediate action to be taken by operating personnel.

DEPARTMENT OF COMMERCE

Bureau of the Census

Property accounting. A revised property accounting procedure using punched card equipment was installed July 1, 1957. Capital items are recorded in the accounts when the property is delivered. Stores are charged to operating cost when issued for use. The subsidiary property for fixed assets are maintained on punched cards on a class basis. This system provides a master deck of punched cards on a composite basis (Bureau wide) to show balances in terms of units and dollars for each class or group, and second deck of punched cards on a composite basis (for each accountable location) to show balances in terms of units only for each class or group. Results from the system have been very satisfying in that paperwork has been reduced tremendously, all essential information for financial management and location control for utilization and accountability purposes is furnished, and flexibility for analyses is provided.

Internal cost-based budgets. Fiscal year 1958 was the first full year in which cost-based operating budgets were used. Divisional operating budgets are established on a project basis for direct (controllable) cost. Indirect cost, including procurement cost, are planned and controlled on a Bureau wide basis. For certain indirect cost, such as leave and computer operations, predetermined rates are used in charging the projects. Internal operating budgets are established and controlled on a basis consistent with the over-all annual budget.

Synchronized classifications. A revised activity classification was adopted for the 1958 budget after review with the Bureau of the Budget. Justifications of budgets and operating budgets are presented by activity and organization unit, and are supported in the accounts by reports on costs by projects and division. Under the synchronized classification, project data can be accumulated into activity data and division data.

Civil Aeronautics Administration

General. The Administration established a detail program for the development and installation of a revised accounting system on an accrual basis, including monetary property accounting controls and other necessary features to support and facilitate cost-based budgets beginning with appropriation requests for the 1963 budget year. Additional accounting and property system staff positions were approved and recruitment action undertaken to provide the professional staff needed to carry out the planned program scheduled for completion July 1, 1961.

Under legislation enacted on August 25, 1958, the Civil Aeronautics Administration is to be absorbed into the newly created Federal Aviation

Agency. Since formulation by the new agency of its financial management program undoubtedly will require the development of new accounting and budgeting practices and procedures to accommodate its combined operations, the objectives and completion dates set forth herein are subject to later review and integration with the over-all program of the successor agency.

Property accounting. The agency developed and installed a uniform codification system to facilitate uniform designation of the federal airways systems and properties, comprising a large and complex network of air navigation aids and traffic control facilities. The new system provides consistent terminology for identification throughout the agency for purposes of construction in process, supply, maintenance, inspection, programing, budgeting, accounting and reporting of property.

Monetary general ledger control of real property was established on a cash basis during the fiscal year. Accounting control over nonexpendable equipment in use is scheduled for completion July 1, 1961. The majority of expendable inventories are scheduled to be brought under accounting control by July 1, 1959, and the remainder by July 1, 1960.

Centralized warehousing of all continental airways facilities expendable operating and maintenance supplies and materials was begun during fiscal year 1958 with the completion of the new Operating Materials Division Warehouse at Oklahoma City, Oklahoma. A perpetual inventory system has been developed and is being maintained at this location on electrical accounting machine equipment. The system provides quantity and dollar control of receipts, storage and issue of supplies and materials, and will be under general ledger control with the installation of the accrual accounting system scheduled for July 1, 1959.

Cost based budgets. The Washington National Airport Operating and Maintenance and Construction budget requests were presented on a cost basis for the 1959 fiscal year, supported by an accounting system maintained primarily on a cash basis with provision for periodic conversion to an accrued expenditure basis by the inventory method.

Other Improvements. Other improvements accomplished during the fiscal year included (1) establishment, through work measurement techniques, of performance standards for Air Traffic Control Towers and combined Station Towers, Air Route Traffic Control Centers, and for Accounting, Auditing, and Payroll Activities for the purpose of determining manpower requirements and operating effectiveness; (2) conversion of the Washington Office payroll system from a manual to an electrical accounting machine system with some savings in personnel and improved reporting; and (3) development of simplified procedures to provide simultaneous advice of disbursing authority and allotment to regional offices and other major field organizations.

Coast and Geodetic Survey

Accrual Accounting. A revised accrual accounting system was completed and placed in operation during the year. Under the system, revenues are recorded when earned and expenditures when incurred; land and depreciable property are capitalized at cost when received; and significant items of consumable supplies are charged to inventory accounts and recognized as costs when issued for use.

The accounting system embraces a project and cost accounting system to cover all operations of the Bureau and provides correlation of budget activities. Budgetary accounting is integrated with the project cost accounts to provide the means of reconciling cost to obligations.

The cost accounting code within the Bureau cost accounting system was designed to identify costs of operations by organizational units, functions, projects, or budget activities. Synchronization with budget is now an actuality, with the accounting system producing data in the identical functional and activity breakdowns, by object classification, which are used in the budget presentation. During the last 6 months of fiscal year 1958, special attention was given to the improvement of summary type data along these lines which would better serve not only the budget requirements, but top management and division level management as well.

Property accounting. A comprehensive property accounting system for work in process, operating stores inventories and finished goods, as well as for fixed assets, was developed and installed. The procedures provide for periodic physical inventories and reconciliation of subsidiary records with control accounts.

Cost based budgets. During fiscal year 1958, the Bureau submitted its first cost-based budget to the Department of Commerce, Bureau of the Budget, and Congress. Internal procedures for the preparation and processing of cost-based budgets are currently being refined. The accrual information developed by the accounting system serves as the primary basis for developing program costs for the budget year. The techniques utilized in this process involve the extraction of cost data from the accounting system in terms of functions and resources, the determination of resources required for accomplishment of the programs for the budget year, and the translation of these resources into costs for the budget year. The experience based used in this process is derived from the accrual accounting system. We are currently working on further refinements of the budget processes under cost-based budget objectives.

Internal audit. An internal audit function was established and initial audits have been made of the Budget and Fiscal Division and Procurement

Branch of the Administrative Services Division. As a result, recommendations aimed at streamlining procedures, eliminating duplication, and increasing efficiency were either approved or are currently being implemented.

Accounting manual. The necessary procedures to implement the accrual and cost concepts embodied in the revised accounting system were issued. An Accounting Manual has been developed, reviewed by the Department of Commerce, and submitted to the Comptroller General for approval.

Maritime Administration

Accounting. Improvement efforts during the year have been directed primarily toward refinement and extension of the accrual concept already embodied in the accounting system employed, including institution of the practice of recognizing in the accounts the liability for accrued annual leave. The Comptroller's Manual of Procedures was revised and new sections covering annual closing instructions and payroll activities were added.

Subsidy Contract Operations. Continued efforts were made to improve procedures applicable to contract audits performed by independent public accountants with a view toward the accomplishment of such audits on an evaluated selective test basis, giving consideration to the adequacy of the systems of internal control employed by the contractors. Considerable revision of General Orders and Regulations governing Subsidy Contract Operations was made to simplify administration and for purposes of uniformity and clarity of requirements.

National Bureau of Standards

Financing and reporting. The authority granted by statute in 1957 to accept advances in the Working Capital Fund was used extensively during fiscal year 1958. A majority of the projects sponsored by other agencies were financed by such advances and agreements to extend this practice to other projects were consummated. This practice improved the Working Capital Fund cash position and significantly reduced clerical and administrative workload in the National Bureau of Standards and in the sponsoring agencies.

The work of preparing voluminous and varied fiscal reports to sponsor agencies was reduced by developing and using a report form which met the needs of almost all projects.

Accrual accounting. During fiscal year 1958 the control of many programs was changed from an obligational basis to an accrued expenditure basis and cost budgets and cost reports were instituted for these programs. This selective treatment was accomplished without significant additional accounting and reporting effort.

Accounting reports of expense and income for projects financed by fixed price user charges were expanded to include the estimated value of work-in-process as earned income. This refinement permits better and more accurate analysis of the adequacy of established fees.

Property accounting. Property management was improved by recording in the general ledger all equipment purchased by the National Bureau of Standards for other agencies. Also, a better system of reviewing and surveying missing capital equipment was instituted.

Internal audit. The internal audit functions were strengthened and more comprehensive reviews of the various organization units of the Bureau were initiated.

Other. A number of accounting operations were improved by making better use of electrical accounting machine equipment. Payroll controls were improved by the use of better machine balancing techniques. A separate analysis of labor cost was eliminated by the use of electrical accounting machine reports. Storeroom inventory and capital equipment purchase allocations were reported through electrical accounting machine cost reports.

Patent Office

Accrual accounting. A revised accounting system based on the accrual concept was installed July 1, 1957. During the fiscal year 1958, the tentative practices and procedures were subjected to progressive refinement and modification which culminated in approval of the system by the Comptroller General on June 9, 1958. On-the-job training of the employees in the new concepts and methods of accrual accounting was a significant part of the developmental work.

As approved, the accounting system provides for maintenance of the accounts on an accrual basis designed to show the total resources, liabilities and cost of operations. With most of the developmental problems out of the way, the approved accounting system will be fully operational for the fiscal year 1959. It is expected to produce for the full year's operation adequate accrual information to serve as a foundation for adapting the cost-based concepts to the formulation of the 1961 budget estimates.

Property accounting. The control account in the general ledger for nonexpendable property is supported by subsidiary records maintained on a property class basis by operating personnel. The subsidiary records are balanced to the general ledger account quarterly and a physical inventory is taken and reconciled annually. No stock room for expendable supplies is maintained and all such items are for accounting purposes expensed when received.

Simplification of allotment structure. The allotment pattern was reduced to a single allotment at the appropriation level on July 1, 1957. The application of resources within the single allotment is guided by operating financial plans.

DEPARTMENT OF DEFENSE

DEFENSE-WIDE

Programs for improvement in financial management. The Committee on Defense Participation in the Joint Accounting Improvement Program drafted a proposed Department of Defense Directive for a "Program for Improvement in Financial Management in the Area of Appropriations for Operation and Maintenance." As of June 30, 1958, this directive was in the final stages of coordination preparatory to issuance. It provides the basic principles and policies for the development of planned programs for this area, and for preparation of specific time schedules for completion of such programs, in conformity with Bureau of the Budget Bulletin 57-5, October 10, 1956. A similar proposed Department of Defense Directive has been drafted by the Committee for the area of appropriations for Acquisition and Construction of Military Real Property and is also being coordinated.

An accelerated program for improvement in financial management for the appropriations for production and procurement was inaugurated. This program is designed to make further improvements in the areas of programing, budgeting and funding, and to carry these improvements into accounting, reporting and other procedures.

The publication "Glossary of Terms Used in Comptroller Activities" is in process of revision to modernize and update it.

Budgeting and accounting for appropriated funds. Revised report forms, pursuant to the requirements of Bureau of the Budget Circular A-34, on the Status of Appropriations and Summary of Appropriation Transactions, along with a revised apportionment form, were developed and prescribed for defense-wide use.

A Department of Defense Instruction was issued providing extended positive guidance with respect to accounting for appropriated funds (including reporting) in conformity with the requirements of Section 1311 of the Supplemental Appropriation Act, 1955. This instruction also requires each military department to establish a program for improvements and training in fund accounting.

A proposed Department of Defense Instruction for Budgeting, Funding, Accounting and Reporting of Appropriation Reimbursements is in final stages of coordination. It provides uniform guidance to the military departments for both specific and automatic reimbursements for work or services furnished, or expected to be furnished or earned, for the purpose of addition to appropriation or other funding authority as a source of available funds to cover obligations to be incurred.

Regulations governing the use of project orders on a quasi-contractual basis in procuring work or services from Defense-operated establishments were completely revised and were ready for reissuance by the end of the fiscal year. This revision will facilitate and simplify the procurement of such work or services and the accounting therefor.

In response to statements contained in House Appropriations Committee Report No. 471, 85th Congress, 1st Session, the Office of the Secretary of Defense undertook a series of cost comparability studies of similar operation and maintenance activities in the three military departments. Initial studies were in the areas of Medical Activities and Recruit Training. Additional areas will be studied during the coming year.

Finance procedures. Effective May 27, 1958, the Department of Defense with the cooperation of the Treasury and State Departments discontinued the use of Military Payment Certificates in Germany, Italy and France. The use of Military Payment Certificates in lieu of U.S. dollars is being continued in certain other overseas areas. Efforts are being continued to eliminate the use of Military Payment Certificates in other areas as rapidly as local economic conditions permit.

As a result of a joint GAO-DOD survey of administrative and fiscal procedures relating to military transportation in the Far East area and other organizational changes, the payment and rate audit of all commercial freight and passenger bills of the military services in Japan were streamlined and centralized in one disbursing activity in Japan. This change reduced administrative personnel in the audit and payment operation and eliminated the need for transmitting individual bills of lading and transportation requests to the U.S. for rate audit.

The agreement between the Federal Housing Administration and Department of Defense for administration of the servicemen's mortgage insurance program was amended during the year to avoid the inter-service billing problems which existed under the prior agreement.

Arrangements between the Veterans Administration and the military departments for payment of National Service Life Insurance premiums through the military pay allotment system were streamlined and improved during the year.

In order to facilitate the processing of financial transactions, a number of disbursing forms have been revised in collaboration with the military departments. Upon approval by the General Accounting Office for the adoption of a multiple voucher (combined voucher schedule) whenever practicable and economical, the use of this form has been extended in the departments. Registers of transactions for transportation expenditures have been eliminated at the Army Finance Center. Studies are being conducted to determine the feasibility of eliminating the preparation and submission of schedules of transactions throughout the military departments.

After three years of operation under the provisions of Treasury Department--General Accounting Office Joint Regulation No. 4 (revised), a review is being made of certain procedures for the reporting of disbursing transactions by the military departments to the Treasury Department for central accounting and reporting purposes, with a view to adopting such refinements as may be necessary and desirable.

Electronic data processing is being extended in a number of financial areas. With the recognition that magnetic tape is acceptable as an auditable record, the scope of usable areas for this type of equipment has been greatly broadened.

Stock fund apportionments. The Office of Assistant Secretary of Defense (Comptroller), with concurrence of the Bureau of the Budget, has simplified the apportionment controls over stock funds for the fiscal year 1959. Previously, the Army stock fund was apportioned with separate limitations for each division or materiel category. The apportionment now is on a lump-sum basis for the Army stock fund as a whole without separate limitations by divisions, by materiel category, or by quarters of the fiscal year. The apportionment of the Air Force stock fund by the Bureau of the Budget has been similarly made on a lump-sum basis, although Office of Secretary of Defense has continued to establish annual limitations by major materiel categories subject to a 5 percent deviation for each category.

Materiel and property management and accounting. As a result of joint efforts of the staffs of the Offices of Assistant Secretary of Defense (Comptroller and Supply and Logistics) a significant policy has been developed and coordinated within Department of Defense for transfers of supply system inventories. Implementation of this policy should result in increased utilization within the Department of Defense of materiel in long supply held by each of the Services individually. The policy provides that all stocks held in inventory by an inventory manager responsible for central requirements determination, central stock control and central distribution control, which are in excess of the quantity held to meet the sum of the Peacetime Force Materiel Requirement and Mobilization Reserve Materiel Requirement, will be transferred without reimbursement to meet deficiencies in this same stock-depth required by another inventory manager. Budget estimates and apportionment requests will reflect adjustments for the value of materiel estimated to be received and issued without cost. In addition, the policy provides on an "as requested basis" for mandatory release of stocks held for Peacetime and Mobilization requirements on a reimbursable basis, consistent with military readiness.

The Assistant Secretary of Defense (Comptroller) issued instructions for billing of reimbursable issues for materials, supplies and equipment financed by stock funds or military appropriated funds on the basis of constructive delivery. This method recognizes the generally accepted commercial practice of rendering bills at the time delivery is made to a carrier for transportation to the consignee. This method has advantages over the former method. First, billing and collection processes may proceed without waiting for the receipt by the billing office of signed receiving reports from consignees all over the world. Second, the system requires the establishment of financial accountability of in-transit inventories. Third, the system results in faster supply action with simplified accounting procedures.

Studies conducted by the Offices of Assistant Secretary of Defense (Comptroller and Supply and Logistics), the Bureau of the Budget and the General Accounting Office have disclosed certain difficulties of the military departments in obtaining unit prices for items of materiel received from contractors, particularly under cost-type contracts. Lack of unit price information on items coming into the military supply system has caused inaccurate financial inventory accounting and pricing. A Department of Defense instruction has been prepared and coordinated with the Bureau of the Budget and within the Department of Defense, whereby contractors are required to furnish estimated item prices on materiel shipping documents. Industry coordination and acceptance is now being arranged through the Bureau of the Budget.

Assistance to "single managers" of common item inventories. The Office of the Assistant Secretary of Defense (Comptroller) continued to furnish technical assistance and guidance in financial and budgetary matters to the agencies within the military departments responsible under "single-manager" assignments for procurement and inventory management of common items of materiel. Special assistance was given in the areas of pricing, billings and collections, accounting and control for Government material provided to clothing contractors, and development of requirements for procurement obligational authority for the first full year's operations.

The Single Manager for Clothing and Textiles inherited complicated and expensive accounting procedures for Government materials furnished to clothing contractors and requested advice and approval of procedures to minimize the accounting and control requirements. Approval was given to utilize monetary control accounts for such materials supported by supply receipt and issue documents rather than the use of individual material record cards for each contract. Stock records for individual items are maintained by the contractors as a basis for accountability for Government-furnished materiel. Simultaneously, the Assistant Secretary of Defense (Comptroller) gave support to legislation which has now been proposed by the Secretary of Defense and introduced in Congress which will authorize the sale of Government materiel to successful bidders on military clothing contracts. The first action has reduced the accounting work-load for the Government and the second action, if legislation is enacted, will eliminate the need completely for control and accounting for Government-furnished materiel for both the Government and contractors.

The Department of Defense prescribed a policy of requiring single property-administration assignments at contractors' plants wherever practicable in order to obtain the most effective and economical control of Government property in possession of contractors. Implementing actions are now underway to review all duplicating resident and itinerant property-administration assignments for the purpose of making single assignments.

Industrial funds. Revised Regulations Governing Industrial Fund Operations were ready for reissue as a Department of Defense directive in July 1958. The revision provided more extensive guidance as to principles and policies relating to operations, especially in the area of buyer-seller relationships between ordering activities and industrial-fund activities on a quasi contractual basis (consistent with revisions of Project Order Regulations--see above) and in increased emphasis and attention to the use of modern methods of cost accounting (including the use of standard costs and flexible budgets). In addition, the new regulations have been clarified with respect to purposes and objectives of the industrial-fund program.

With collaboration of the Committee on Defense Participation in the Joint Accounting Improvement Program, proposed uniform formats for financial reports for industrial fund and industrial fund activities were completely developed. These reports are designed to satisfy requirements of the Bureau of the Budget and Treasury Department, as well as the Office of Secretary of Defense, and at the same time meet military department requirements under a single uniform system of reporting. This reporting requirement will be made the subject of a Department of Defense instruction.

Extensive studies were made with respect to the application of the more advanced policies relating to quasi-contractual relationships between buyer and seller in the areas of Naval shipyards and Army Ordnance arsenals. These studies have provided groundwork for undertaking improvements in these relationships which should have the effect of simplifying budgeting for the cost of end-products and simplifying funding and accounting for both the ordering activities and the industrial-fund activities.

Continuing encouragement was provided military departments in the development and application of work standards for use in improved cost accounting and, in turn, reduction of operation costs, as well as in production planning and scheduling. Especially encouraging progress has developed in the Navy Bureau of Ships with respect to shipyard operations.

There are now 52 charters authorizing the financing of operations at 139 industrial- and commercial-type activities within the three military departments.

Accounting and reporting for Military Assistance Program. The Assistant Secretary of Defense for International Security Affairs has made a critical and comprehensive review of the reporting and control data required at all levels of management in order to develop a correlated reporting system that would satisfy essential requirements with maximum accuracy and minimum delay and personnel. A Defense working group, with General Accounting Office participation, examined reports and determined data requirements in the three basic phases of the management cycle--programing, implementation and control. As a result of this review some reports have been canceled, while others have been simplified and streamlined.

Simplified procedures have been developed to transfer June 30 balances of Section 1311 certified unpaid obligations and unobligated Section 108 reserves from the prior year to the current year military assistance accounts. These procedures were approved by the Bureau of the Budget, the Treasury Department, and the General Accounting Office and have been implemented.

Procedures also were developed covering the financing, funding, accounting and reporting for credit sales transactions authorized by the provisions of Section 103(c) of the Mutual Security Act of 1954, as amended by Section 2(a)(3) of Public Law 85-141.

Audit policy directive and instruction. The basic audit policies of the Department of Defense, which have been set forth from time to time in various formal and informal memorandums and other issuances, were consolidated and summarized in DOD Directive 7600.2. "Department of Defense Audit Policies," which was issued in August 1957. This Directive establishes the framework for broad-gauged, comprehensive and independent auditing throughout the Department. Among other things the Directive provides:

1. That all internal and contract audit responsibilities, continental U.S. and overseas, will be carried out by a single audit organization in each military department responsible to the Comptroller of the Department. In those cases where the Assistant Secretary for Financial Management is not designated as Comptroller, the Departments are required to arrange for direct channels of communication between the head of the audit organization and the Assistant Secretary for Financial Management.

2. That all organizational components and levels of operations will be subject to independent and comprehensive audit review and appraisal. Auditors will examine and appraise policies, procedures and records relating to budgeting, accounting, business transactions of all kinds, and matters of a related nature, including financial management aspects of procurement, supply and property management.

3. That contract audit activities will include providing technical advice and assistance on accounting and related matters in the negotiation, administration, repricing and settlement of contracts; and making recommendations (or determinations) concerning the allowability of costs claimed by contractors, the reliability of contractors' cost representations, and the adequacy of contractors' accounting systems.

4. That the audit organizations should coordinate audit operations (perform audits for one another) whenever such coordination will result in more economical or efficient audits for the Department of Defense as a whole.

This Directive was supplemented by DOD Instruction 7600.3, "Department of Defense Audit Activities," which was issued on January 13, 1958. This Instruction provides more detailed guidance to the military departments on such matters as organization of the audit agencies, audit responsibilities and mission, relationships with the General Accounting Office, and audit techniques and reporting.

Comprehensive contract cost principles. A comprehensive set of contract cost principles has been drafted, coordinated with all components of the Department of Defense, discussed with representatives of industry, and is in the final stages of preparation. Only a small number of items remain to be resolved. These principles, when issued, will be generally applicable to all types of negotiated contracts with commercial firms in which costs are a factor in pricing and will replace the present contract cost principles which have application to cost-reimbursement type contracts only. The principles will fill a long-standing need for uniform and definitive guidance on cost matters in the negotiation and administration of flexible fixed-price contracts.

Cost principles for research contracts with educational institutions. The Office of the Assistant Secretary of Defense (Comptroller) has participated with the Bureau of Budget and other Government agencies in developing a uniform set of cost principles for research and development contracts with educational and nonprofit institutions. These principles were subsequently issued by the Bureau of Budget for governmentwide application.

Survey of contract audit activities. At the direction of the Assistant Secretary of Defense (Comptroller) a comparative review and evaluation of the contract audit activities of the three military audit agencies has been initiated. In view of the very limited audit staff in the Office of the Secretary of Defense, and in order to obtain a truly independent and analytical review, the study is being performed by six representatives from the public accounting profession who are serving in a consultant capacity. The consultants are partners or senior managers with their respective firms which are among the largest in the country and all have had substantial experience in Defense contract audit work in the past. The group is reviewing and appraising the technical aspects of contract audit and the quality of financial and accounting service rendered procurement personnel. In addition to thoroughly studying the operations of selected audit offices, the group is interviewing a number of contractors and procurement officials to obtain their views with respect to how the contract audit service might be improved. The group will report its findings and recommendations to the Assistant Secretary of Defense (Comptroller).

Comprehensive audit of the Military Assistance Program. The Office of the Assistant Secretary of Defense (Comptroller) has made arrangements for an integrated and comprehensive Department of Defense-wide audit of the Military Assistance Program. The audit will cover all organizational elements involved in the administration of the program, including the Office of the Secretary of Defense, the military department headquarters and field activities, the unified commands, and the Military Assistance Advisory Groups established in countries receiving military assistance. The departmental audit agencies will perform the audits in fiscal year 1959 under the over-all supervision and coordination of the Audit Division in the Office of the Secretary of Defense. The audits will be conducted in a uniform manner under a master audit plan and under guidelines which have been prepared by a joint group consisting of a representative from each departmental audit agency and the Office of the Secretary of Defense. While various facets and organizational elements of this program have been audited in the past, this represents the first time an integrated internal audit of the whole program has been scheduled. The General Accounting Office, as a result of its audit of the Military Assistance Program in 1957, recommended that such an internal audit be performed.

Addition to Defense Contract Audit Manual. A new section of the Defense Contract Audit Manual covering audit of negotiated fixed-price contracts was issued in the form of a joint audit letter for immediate use by the military department audit agencies pending publication of the section as a part of the Manual. Work is continuing toward revision and expansion of this Manual with the objective of improving contract audit service and reducing the volume of instructions issued separately by the three military department audit agencies.

DEPARTMENT OF THE ARMY

Army Command Management System. Accrual accounting involving the accumulation of program costs in support of cost-based budgeting, as contemplated under the provisions of Public Law 863, has been installed as a fundamental part of the Army Command Management System (ACMS).

Prior to the establishment of ACMS there existed a number of separate cost or accounting systems such as those used for hospitals, repairs and utilities, local communications, administrative motor pools, commissaries, field maintenance and laundries. These separate systems involved detail accounting and reporting which could not be reconciled with funds and other resources or used effectively for programing, budgeting or supply management.

During FY 1958 the Army Command Management System was made fully applicable to the Operation and Maintenance appropriation. Cost accounting instructions have been issued in regulations which prescribe uniform procedures for collecting data whenever cost accounting information is required and correlates the costs with obligations and funds. Hospital cost accounting and reporting as a separate system was eliminated in FY 1958 and the Repairs and Utilities cost accounting system was discontinued on 1 July 1958. On the basis of a review of the essential requirements, operating experience and field surveys, reports have been refined to make them compatible with data produced by the Army Command Management System.

The Department of the Army is required to report obligation data for budget programs under each appropriation. Use is now being made of field-developed cost data below the budget program level in the Operation and Maintenance, Army appropriation. Effective 1 January 1958, installations report these data to operating agencies on status of allotments reports. The data are consolidated by operating agencies and included in their Status of Funds reports.

Beginning in FY 1959, the Army will report obligations and expenditures at the budget program level and costs at all levels below that primary subclassification of the O&M appropriation.

Cost and performance summary reporting procedures have been prescribed to provide data for essential control and supervision over the execution of Army program objectives and approved budget execution plans. These procedures include the reporting of integrated data required for development of program objectives and schedules, annual budgets and supporting data for apportionments. Information is also provided with respect to the degree of effectiveness being attained by operating agencies in the use of resources and the justification of future resource needs.

Cost-based budgets. In October 1957 the Department of the Army undertook to test the ability of field establishments to prepare budgets developed from a cost basis and reconciled to required obligational authority at budget program level. The Operations and Maintenance appropriation was selected since (1) its activities had been most widely placed under accrual accounting, and (2) all agencies within the Army are financed to some degree from this appropriation. The FY 1959 Budget Execution Plan Directive therefore required agencies to prepare their FY 1959 Operations and Maintenance appropriation requirements on a cost basis. FY 1959 apportionment requirements will be presented in terms of funded costs reconciled to obligations at budget program level. Study and planning is also being conducted in the other appropriation areas.

Army stock fund. Plans were completed for the establishment of a new division of the Army stock fund to initially include inventories of all stock fund type items at nine installations in the Third United States Army area. A proposed charter for the division was submitted to the Secretary of Defense and the Bureau of the Budget for approval. The division, designated as the "ZI Installations Division," will be managed by the Commanding General, United States Continental Army Command and that headquarters will serve as the home office of the division. Each of the nine installations in the Third Army area will be designated as branch offices thereunder and will report to the Headquarters, Third United States Army which as the subhome office will consolidate branch office reports for submission to the home office. The plan, which is to be implemented on 1 October 1958, will be operated on a test basis for a period not to exceed one year so as to fully determine its applicability to other installations under the jurisdiction of the Continental Army Command.

Field guidance and assistance is being provided by Army staff accountants and supply personnel, and representatives of the U.S. Army Audit Agency. Financial operations were reviewed in the Ordnance, Transportation, Engineers divisions and The Quartermaster General Supplies and Petroleum, Oils and Lubricants subdivisions. The purposes of the reviews were to extend constructive advice and assistance in resolving operating problems and to identify major problem areas that tend to inhibit effective financial management. The remaining stock fund divisions and overseas branch offices will be reviewed during FY 1959.

Army Industrial Fund. The application of industrial fund financing to six depot maintenance activities was approved in February 1958 and was implemented in all of those activities by the end of the fiscal year. This brings the number of industrial fund charters to 25 and the number of activities operating under the Army Industrial Fund to 28.

The Department of the Army established an Army Industrial Fund Improvement Task Force to conduct an intensified program for systematic improvement of the management and financial control of industrially funded activities. Representatives of the Office, Secretary of Defense and the Bureau of the Budget actively participate in the efforts of this task force to assist, advise and insure adherence to the objectives of the over-all program. Onsite surveys have been conducted at three installations for the purpose of identifying the techniques and procedures which should be recommended for further application in the effort to consolidate progress throughout the industrially funded installations.

Proposed New Military Pay System. The Department of Defense has approved the proposed Military Pay System for adoption by the Department of the Army and forms have been approved by the Comptroller General for Army-wide use effective January 1, 1959. The system, which has been undergoing an extended test at eight installations covering approximately 50,000 troops since fiscal year 1957, is intended to overcome major weaknesses of the current pay system by providing (a) current pay status information to the payee, (b) timely accounting, (c) improved budgetary data and controls, (d) greater accuracy of payments, (e) and greater facility in payment of casuals.

Accounting for Transportation Charges. A charter for establishment of a project under the Army Management Fund, for the centralized payment of transportation charges and meal tickets, has been approved. Procedures for both field and central operations have been developed. Upon implementation of the charter (1 July 1958), field activities will be relieved of burdensome detailed reconciliations and the Finance Center, U.S. Army, no longer will be required to prepare and distribute detailed listings of payments, necessary for such reconciliations. The use of the Army Management Fund for the purpose of paying and accounting for these charges is expected to result in substantial net savings in performance of these functions.

Financial Inventory Accounting. Financial inventory accounting at post, camp and station level has been simplified through a reduction in the number of categories of materiel to be reported to the Department of the Army from approximately 680 to 50. In place of the numerous individual categories of materiel previously reported to Department of the Army, major commodity groupings consisting of a consolidation of categories are reported.

Expenditure Reporting. The Department of the Army in collaboration with the General Accounting Office is testing the feasibility of submitting only net expenditure reports in support of the consolidated Statement of Accountability. This would eliminate the requirement at installation level for the preparation of detail gross schedules of collections and disbursements and resulting gross expenditures reports prepared at each succeeding level of accounting operations. The proposal was made in recognition of the controls inherent in the integrated accounting system operating throughout the Army Establishment.

Self-Service Supply Centers. Major Commanders and Army Staff agencies have been authorized to establish self-service supply centers wherever the volume of "retail" supply distribution of expendable supplies warrant their use. There are currently 56 such centers in operation. The principles involved in Self-Service Supply Centers are being applied to Quartermaster Clothing Sales Stores and thus far have worked out very satisfactorily at installations in four Armies where the concept is being tested.

Finance and Accounting Manual System. The project for the development of a series of loose-leaf manuals to replace the present multiple series of Army and Special Regulations in the field of finance and accounting has resulted in the issuance of a total of eight manuals as of 30 June 1958. The significance of this project is indicated by the fact that these eight manuals supersede a total of 168 separate regulations and directives which were formerly published under the multiple series format. Several additional manuals are scheduled for publication and are in various stages of development.

Fixed Asset Accounting. The requirement for Army-wide financial accounting and reporting for Real Property and Capital Equipment in the hands of Army contractors in the Continental United States, for performance of their contracts, has been established. The first report was required as of 30 June 1958. In the Ordnance Corps and at other selected technical service installations, both contractor and military, the initial reports were made as of 30 June 1957.

Certification of Funds on Requisitions and Orders. Directives have been issued which provide for the elimination of the certification of fund availability on orders or requisitions for material to be delivered from stock submitted to the supplying activity by Army installations and activities. Under this policy, delays in supply action will be decreased substantially. The requisitioning activities will be responsible for maintaining the necessary controls over the obligations involved. All practicable controls have been established to preclude violations of requirements for the administrative control of appropriations.

Machine Accounting. Five additional installations have mechanized financial accounting operations with punched card machines since publication of the Ninth Annual Progress Report, and five other installations have received approval for mechanization. This brings to 30 the number of installations that have either acquired or made commitments for punched card accounting as the result of tests and pilot operations at two selected installations. At least five other installations are studying the feasibility of mechanization. Tests of machine procedures more effectively integrating supply and financial accounting at the installation level are underway. These machine procedures also hold promise of substantial savings and more effective operations.

Automatic Data Processing Systems. A study is being conducted to apply an electronic computer to the administrative functions of installations of the Continental Army Command. The study has reached a point where the appropriate scope of the application has been determined, a basic system is being designed and systems specifications have been formulated. When installed at a selected installation and evaluated, the installation will serve as a prototype for extending the system to other major installations. The use of automatic data processing systems in other areas, principally supply, is steadily expanding and training of personnel is continuing at an accelerated pace.

An automatic data processing system, utilizing a medium size computer, has been installed at the Finance Center, U.S. Army, Indianapolis, Indiana. The centralized recordkeeping and repayment responsibilities of the Soldiers' Deposit function constitute the initial application for this system. Information previously posted manually on individual ledger cards is now recorded and stored on magnetic tape. 250,000 accounting records on magnetic tape have been substituted for the same number of soldiers' deposit ledger cards. Besides a monetary savings, estimated at $40,000 per year, the establishment and maintenance of these accounts on magnetic tape has resulted in more timely and effective controls, more rapid and accurate recording of deposit and repayment actions, and more expeditious and timely reconciliation of the totals on deposit with the Trust Fund Account. In initiating the automatic data processing system with an intermediate scale computer, the Finance Center is taking advantage of the experience offered by the actual operation of a computer system at reduced costs. As detailed application studies are completed in other areas of financial accounting, pay, and allotments, additional equipment can be added or a large scale computer procured with much less loss in time and motion.

During the latter part of FY 1958 an automatic data processing application study was completed in the Finance and Accounts Office, Washington, D.C. The study has indicated that the acquisition and application of a small scale computer to one accounting area (accounting service for Army agencies at the seat of government) will not only result in a substantial monetary savings, but also more effectively control the utilization of appropriated funds allotted to the Department of the Army Staff and other Army activities in the Washington, D.C. area. The planned automatic data processing system will accomplish such a control by accepting and processing documents in a random sequence, by providing an instantaneous edit of accounting classifications, by insuring the availability of funds thereby precluding overobligation of funds, and by permitting random accessibility to the balance of any account by means of direct inquiry into the system at any time.

The Chief of Finance is conducting a systems analysis study on the application of a digital computer to military pay operations in a tactical Field Army. The study, which is nearing completion, will set forth the advantages that will accrue from the Army's plans to install computer equipment and high speed communications systems laterally and vertically among the various echelons of tactical commands. The tentative conclusions reached in the study indicate that utilization of a computer in a tactical Field Army will provide greater accuracy and speed than heretofore possible in all aspects of pay of military personnel, including the processing of allotments and soldiers' deposits; that, in the elimination of the manual preparation of payrolls in the unit personnel office and the manual computation in the disbursing office, the use of the computer will provide a base for a truly integrated system for the various financial operations of a tactical Field Army.

Internal Review and Systems Improvement Guide. A pamphlet has been published containing general policy and guidance in connection with the extent of internal review to be accomplished by Army agencies and installations and outlining the detailed procedural control points to be noted in the course of a review.

The pamphlet is designed for use by both an internal review staff and working-level supervision involved in all the elements of financial management including the financial aspects of all procurement, custody and use of resources.

It is designed to assist in the evaluation of operating procedures and the elements of internal control rather than the review of individual documents or records.

Internal Auditing. Increased emphasis has been placed on the development of lateral audits, which cover the coordinated and integrated examination of financial aspects of specific Army-wide functions. Comprehensive lateral audits were accomplished in nine areas. A lateral audit of unliquidated obligations was made for the purpose of affording maximum assistance to command and responsible fiscal personnel by furnishing them with information concerning the status of obligations. The audit was completed before the close of FY 1958 to permit needed adjustments prior to the closing of the books for the fiscal year, and the certification of funds as required by Section 1311.

Department of the Army--Corps of Engineers, Civil Functions. To improve accounting, budgeting, and performance reporting procedures, the Engineer Manual of the Corps of Engineers was revised during the year to provide for (1) simplification of the allotment structure which reduced significantly the number of allotments for the General Investigations, Construction General, Operation and Maintenance, and Flood Control, Mississippi River Tributaries Appropriations; (2) capitalization of costs of preauthorization studies for projects and project modifications budgeted for in 1960 and beyond to provide adequate disclosure of total project costs and permit allocation of total project costs to purposes; (3) establishment of a claims receivable account which with corresponding reductions in unobligated allotments would preclude obligation of uncollectible funds; and (4) the use, on an optional basis, of a method of commitment accounting (under which authorizations to create obligations are recognized in advance of formal obligation) to provide better financial management and preclude overobligations of funds.

Other less extensive revisions were made to clarify instructions and simplify procedures for financing division office payrolls through the Revolving Fund, for monthly instead of daily posting from cash receipts and disbursements registers, and for consolidation of instructions for preparation of disbursing officer's reports.

DEPARTMENT OF THE NAVY

Reorganization of Navy area audit offices. The reorganization of Navy area audit offices was completed during the fiscal year. Geographical areas were realigned; Management and Staffing Services Divisions established; standard position descriptions adopted for all audit jobs; new policy directives relating to recruitment, training, career development and career incentives were developed and issued. A program for supervisory reviews of

Navy area audit offices has been established. Visits to the field offices are designed to improve management by reviewing and evaluating performance, improve technical competence, provide assistance with problems, and promote communication and understanding between headquarters and field audit offices in all functions and operations of the Navy audit organization.

Comptrollership training. The Office of the Navy Comptroller conducted two 2-week programs in Comptrollership, each attended by approximately 40 civilian and military personnel in senior ranks and grades. The Marine Corps conducted a 2-week course in comptrollership development attended by 44 personnel from major barracks and bases; also, two financial management conferences were conducted for comptrollers and fiscal officers. The Bureau of Ships is preparing a training program to develop more professionally qualified personnel among nonprofessional accounting employees of the Bureau. The Bureau of Ordnance has initiated a program to assure within the Bureau a trained professional accounting staff to devise and implement management improvement programs through EAM applications.

Improvements in budgeting and funding. In collaboration with the Office of the Assistant Secretary of Defense (Comptroller) and the Bureau of the Budget, a project was undertaken by the Office of the Comptroller of the Navy to revise and improve the budget account structure for the several Navy appropriations for operation and maintenance.

Revised procedures were adopted for funding technical collateral equipment required by the Bureau of Yards and Docks in military construction projects. Such equipment heretofore financed by allotments is now procured by other bureaus on a reimbursable basis, thus assuring improved controls and accountability.

The Office of the Navy Comptroller has issued criteria for determining the financial responsibility for training and instruction of military personnel. The Bureau of Naval Personnel has developed and issued new procedures permitting field commands to make funds available to subordinate activities on the basis of operating targets in lieu of suballotments. The Marine Corps has realigned management responsibilities and funding procedures to facilitate the reduction in the number of allotments to be issued to field activities.

A study is in progress to permit discontinuance of multiple funding of Naval Stations under management control of the Chief of Naval Operations in favor of single funding to align financial control with management control. Uniform procedures have been issued for determining and accounting for the costs of Supply Departments at naval shipyards in accordance with the industrial and military support functions of the Departments. Additional studies are being made relative to the dual capacity of the Bureau of Ships and the Bureau of Supplies and Accounts in the management, budgeting and financing of the shipyard supply departments.

A project has been undertaken for improved methods of financing the Naval Engineering Experiment Station at Annapolis with a single allotment from the managing bureau with improved cost accounting and with direct availability of incidental reimbursements for work performed for other agencies.

Accounting and disbursing improvements. The Marine Corps has continued emphasis on centralizing all fiscal accounting in the Fiscal Division at Headquarters, Marine Corps. The Bureau of Ordnance is continuing to improve its newly mechanized system of fund accounting at the Bureau level and is concentrating efforts to eliminate as many manually maintained records as possible. The Bureau of Ships is engaged in mechanization of the Bureau accounting functions.

A civilian payroll system incorporating the policies and principles prescribed by the General Accounting Office was developed for employees of the Department of the Navy and approved by the Comptroller General. Also, maintenance of military pay records has been simplified by consolidating all National Service Life Insurance allotments into a single allotment.

The Military Sea Transportation Service has reduced the workload in field activities and at Headquarters without loss of management control by (1) reducing the requirement for submission of budget and accounting statement to a quarterly basis, (2) using budget statements and data available in the Washington personnel office for payroll cost information and eliminating the submission of separate personnel reports by field activities, and (3) simplifying the procedures for handling civilian marine allotments.

Streamlined procedures approved by the General Accounting Office have simplified the processing of vouchers for informal purchase of less than $1,000 and vouchers covering minor amounts billed for transportation charges.

Industrial fund activities. Industrial fund financing techniques have been instituted at four additional activities: a printing plant, a research and development activity, a public works center and a public works transportation center. Also, it is tentatively scheduled to extend industrial fund financing to additional public works centers, ordnance depots and aircraft overhaul and repair shops.

A long range program for improvement of management and financial control at installations financed under industrial funds has been initiated by the Department of Defense and Bureau of the Budget. A field survey has been made at the Naval Ordnance Plant at York, Pennsylvania, in connection with the program.

The handbook for Navy printing plants has been revised and submitted to the Navy Comptroller for review and approval. The new handbook will standardize accounting procedures and production units and will simplify the accounting structure and reports. A Task Force composed of Navy Comptroller and Bureau of Ordnance representatives has continued its survey of the Naval Gun Factory with the objectives of improvement of the Factory financial operations and preparation of a standard accounting handbook for ordnance plants financed under the industrial fund.

The Bureau of Ships has issued an instruction to industrial fund activities re-emphasizing the importance of a review and analysis program in effecting more efficient management through better financial reporting.

Stock funds. As a result of prior field surveys and recommendations of the Office of Assistant Secretary of Defense (Comptroller), the Navy undertook a review of "the dual financing" of Navy stock-fund type material. Previously, certain classes of inventories were financed under both the Navy stock fund and appropriated funds. The Bureau of Supplies and Accounts has directed that all material carried in the Appropriation Purchases Accounts which is similar to material carried in the Navy stock account be transferred and capitalized in the stock fund by June 30, 1958. As of December 31, 1957, material with a value in excess of $27 million was so capitalized. In addition, Navy stock-fund types of materiel formerly carried in the Navy shipbuilding stores accounts were capitalized in the Navy stock fund as of July 1, 1958. These actions are intended to simplify the property accounting and eliminate dual quantitative and monetary accounts for many thousands of items as well as improve supply, inventory control and funding actions.

Standard accounting procedures have been developed and issued for recording stock fund transactions in consonance with prescribed instructions for Financial Reports for Department of Defense Stock Funds.

Improvements in property management and accounting. Marine Corps commissary stores were capitalized in the Marine Corps stock fund with revised funding, accounting and reporting procedures.

Policy and procedures for management of class "F" ground electronic equipment were revised. Formerly these equipment inventories were under management control of the several bureaus holding equities in the inventory. The new system makes the Bureau of Ships the sole inventory manager.

The Bureau of Supplies and Accounts has revised inventory reporting procedures to provide better management information to inventory managers. Also, the reporting system has been extended to include 31 naval air stations and will be further extended to cover major ordnance activities to provide complete coverage of all major activities performing supply distribution functions.

The Bureau has instituted a project for reviewing financial reporting of inventories and requirements of inventory managers in order to improve financial data for more effective management of Navy inventories. A reinventory of all Navy Class I and II facilities--land, buildings and structures--is scheduled to be completed by June 30, 1958. The reinventory is being accomplished under expanded and revised category code (building classification) definitions. The project is preliminary to the application of the category codes for programing, budgeting, accounting and reporting in the areas of construction, inventory and maintenance of real property.

Bureau of Ordnance management improvement program. EAM data processing equipment has been installed at 19 major ordnance activities with the remaining five to be installed in 1958 to complete this phase of the program. An integrated system of financial and production control was installed at the Naval Mine Depot at Yorktown in consonance with the EAM installation and resulted in the reduction of three positions in the Comptroller Department with all phases of the management improvement program not yet implemented.

Spanish base program. The Navy management fund charter governing the financing of construction of Spanish bases has been amended to expedite financing of the projects. It is anticipated that the amendment which permits earlier substitution of peseta funds for dollar obligations will enable more timely contracting and will result in more advantageous prices.

Expansion of internal auditing. Five additional continuous audits have been initiated by the Navy internal audit organization bringing to 25 the number of such audits being made at major naval activities. Continuous progress has been made in the development of new programs and revision of existing internal audit programs. New programs have been developed or are under development for the audit of inventory management and for continuous audit of shipyards and air stations. Expanded and revised programs are in process for the audit of Navy Regional Accounts Offices, Navy Disbursing Offices, plant property accounting, cost accounting, stores accounting, appropriation and fund accounting, and procurement and supply management.

Improvements in contract auditing. Arrangements have been concluded whereby Navy auditors will review contractors' accounting systems as a part of pre-award surveys. An agreement has been reached with the Bureau of Aeronautics whereby the auditors will expand the submission of advisory reports for use in price negotiations to all fixed-price contracts containing price redetermination clauses and conversion of letters of intent to definitive contracts.

New procedures have been established for reporting delinquency in the submission of completion vouchers and contract audit closing statements under Navy cost-type contracts when such delinquency extends beyond one year from the date of physical completion of the contract. There are many thousands of these contracts and in the absence of the follow-up procedures, the completed contracts tend to accumulate without being finalized. The new procedures are designed to assure closing out cost-type contracts promptly.

During the period a substantial change was made in connection with payments to contractors under cost-type contracts. This change eliminated a former requirement that all vouchers be approved by Navy technical inspectors. This will assure speedier payments to the contractors and eliminate much paper work in the technical inspectors' offices.

U.S. Naval Forces, Eastern Atlantic and Mediterranean. The U.S. Naval Forces, Eastern Atlantic and Mediterranean implemented a new system for accounting for fund resources (authorizations) at the allotment level at Naval activities. The system provides cost information which is used in development of budget requests by Naval activities to the funding bureau or office.

Prior to 1958 internal audits of Naval activities were accomplished by Navy Area Audit Offices in the United States. In the interest of achieving better management effectiveness, an internal audit program was established in the Navy Area Audit Office, London. This program has resulted in more timely audits of Naval activities and greater flexibility in utilization of the audit staff.

DEPARTMENT OF THE AIR FORCE

Comptroller functions and responsibilities. To strengthen its Financial Management System and provide guidance to Commanders and line and staff officials whom the Comptroller serves, the Air Force prepared and published a manual (AFM 170-6, "Functions and Responsibilities") setting forth in detail the functions and responsibilities of the Comptroller organizational elements at all echelons throughout the Air Force, including Headquarters USAF.

The new manual embraces all issuances which prescribe Comptroller functions and responsibilities and provides ways to align Comptroller functions. Especially significant is the material on the merged accounting and finance function at depot, wing/base or equivalent level, the titles and duties of positions, and the relationship between accounting and finance officers and their accounting and disbursing agents.

USAF account structure and codes. Further advancement was made in the implementation of the principles and policies of the Air Force Financial Management System contained in Air Force Regulation 170-6, and the objectives of the Comptroller System Program.

The Air Force developed and published in manual form the "Air Force Account Structure and Codes" applicable to all financial transactions and to the budgeting, financial accounting, disbursing, financial and certain non-financial reporting systems. To permit orderly implementation of the new account structure at the beginning of the fiscal year, Air Force Manual 170-7, "USAF Account Structure and Codes" was made effective 1 July 1958. The provisions of the manual extend to all echelons throughout the Air Force and to other agencies authorized to administer or account for Air Force funds. This single, uniform integrated system contains the component, sequence and arrangement of the codes in documents used in the various types of financial transactions--commitments, obligations, accrued expenditures and so forth. Among the new codes are the accounting and disbursing station code and the expense and cost account code. The purpose of the new Accounting and Disbursing Station Code is to identify the merged Accounting and Finance components (at any echelon) through the use of a single coding system rather than two separate coding systems.

The expense and cost account classification and code is designed for an accrual basis of accounting and constitutes a major accounting classification by mission and function of the value of labor, materiel or services (elements of expense or cost) actually consumed or utilized in the performance of Air Force functional responsibilities and operations.

The new expense and cost account codes are expected to provide the following substantial advantages:

a. Provide prior year expense data for use under the Operation and Maintenance budget account structure upon revision of that structure with the approval of the Office, Secretary of Defense.

b. Provide current expense data of greater management usefulness.

c. Provide the basis for future conversion to cost-based budgets as required by Public Law 216, 81st Congress and Public Law 863, 84th Congress.

The development of materiel assets, real property, general ledger and organization codes is in progress and will be included in the new manual when completed.

Procedures in support of the Air Force stock fund. The Air Force has revised its stock fund manual, (AFM 170-10 "Procedures in Support of Air Force Stock Fund") to include the Aviation Fuels and Air Force Academy Divisions. The incorporation of these two divisions now provides a single source for Comptroller instructions, based upon a uniform account structure, with uniform reporting requirements for all divisions of the Air Force stock fund. The reports are designed to provide essential information to various levels of management to be used in the analysis of stock fund operations.

Stock fund financial control. An improved system of financial control of the Air Force Commissary Stock Fund Division, as a substitute for apportionment control was developed jointly by the Air Force and the Office of Assistant Secretary of Defense (Comptroller) and endorsed by the Bureau of the Budget.

This plan provides for the development, at the lowest management and operational level, of a Commissary Operating Program and a Commissary Operating Budget. Improved management and control is provided through establishment of monthly objectives, and end-of-fiscal-year limitations on inventory on hand, and the total of inventory on hand and materiel on order. The Air Force will submit to the Department of Defense and the Bureau of the Budget an approved Commissary Operating Program and Commissary Operating Budget. The Department of Defense and the Bureau of the Budget will establish two limitations (1) net capital of the fund for the period and (2) the total of inventory on hand and materiel on order at the end of the period.

This improved system will give more authority and flexibility to management to operate on a true revolving fund basis and yet retain positive and direct control of cash, inventories and materiel on order as well as positive, although indirect control of procurement obligations.

Airlift Service, Industrial Fund. The Air Force received approval of the charter and published procedures for the Airlift Service, Industrial Fund, to commence operation July 1, 1958, under the Commander, Military Air

Transport Service, as Executive Director of the Single Manager Operating Agency for the Airlift Service, Scott Air Force Base, Illinois. The charter provides the necessary authority for activating the operation of the Airlift Service, Industrial Fund. It also provides the basis for charging for services furnished by the Airlift Service and establishes initial cash working capital of $75 million.

Procedures in Air Force Manual 170-12, "Airlift Service, Industrial Fund," cover the various financial aspects of this industrial fund, such as budgeting and funding, accounting and finance, statistical services and management analysis. The Air Force procedures for the Airlift Service were in great part the results of mechanized documentation tests. However, present procedures reveal two problem areas: (1) the lack of standard transportation authorization documents, and (2) the inadequacy of the Customer Identification Codes used to identify the customer and the funds to be charged. The development of standardized transportation authorization documents is underway. Action is also being taken to develop a means of positive identification of the transportation authorization documents and to discontinue the Customer Identification Code in favor of the full accounting classification.

Accounting systems and procedures. Air Force Manual 177-1, Accounting Systems and Procedures was revised to further the integration of accounting and finance functions and to provide complementary accounting procedures for the Airlift Service, Industrial Fund and Aviation Fuels and Air Force Academy Division of the Air Force Stock Fund. In addition thereto, changes were accomplished to make accounting procedures compatible with the new account structure and codes and to increase standardization of accounting and reporting at base level.

Civilian payroll procedures. Headquarters, Air Materiel Command, with technical assistance and approval of Comptroller representatives from Headquarters USAF, completed the establishment of a procedure at Ogden Air Materiel Area employing IBM 650 type electronic equipment utilizing punch cards for preparation of civilian payrolls. Representatives of the Air Force, at the invitation of Headquarters Air Materiel Command, visited the Ogden Air Materiel Area with representatives of the General Accounting Office, and Office, Secretary of Defense, and made a final review of the procedures involved. As a result of the coordination of the various organizations mentioned, the techniques developed were deemed acceptable for the preparation of standing operating procedures to be used by the Air Force wherever equipment of this kind is available.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Some of the improvements accomplished under the Department's plan for improvement of financial management in compliance with Public Law 863, 84th Congress, were related in the Ninth Annual Progress Report under this program. Additional improvements have been made, some of which are summarized hereafter in this report.

Property Accounting. The installation of complete subsidiary property record cards has been accomplished in the nine regional offices of the Department. Recording of nonexpendable property of the Office of the Commissioner, Social Security Administration, has been accomplished in the general ledger control accounts maintained by the Office of the Secretary. An inventory of nonexpendable property comprising over 100,000 items was taken by Saint Elizabeths Hospital. As of June 30, 1958, about 80 percent of the items had been completed and the items marked and recorded on punched cards. Completion is anticipated within 6 months. The data will permit the systematic and efficient utilization and replacement of property. In the Food and Drug Administration progress has been made toward the establishment of a comprehensive property accountability system. All the nonexpendable property records of the agency's certification fund have been converted to IBM cards.

Office of the Secretary

Development of Manuals. A revision of the Pay Roll Manual is approximately 25 percent complete. A complete revision is planned by the close of the current fiscal year. The Time and Leave Accounts Manual has been completed and issued.

Development of Accounting Procedures. Procedures have been developed which simplified the audit and payment of Department telegraph bills submitted by the defense agencies and the General Services Administration. Percentages have been established on the basis of past experience to be used in prorating costs of machine rentals and refile charges of those agencies and the subsequent distribution of charges to the various HEW appropriations involved.

Accounting procedures were developed which decentralized to the operating agencies the accounting for appropriations or funds which are utilized by more than one major bureau or operating agency. This decentralization of procedures enabled each operating agency to maintain a complete accounting record of the program it administers. It resulted in the simplification of preparation of voucher schedules, certificates of deposit, and monthly statements of transactions.

Procedures were developed covering methods of estimating postal service costs under the simplified plan of reimbursing the Post Office Department. Suggested methods of allocating such postal service costs to the various HEW appropriations were also developed.

ADPS Study. A study has been initiated in the field of automatic data processing to determine the feasibility of providing centralized ADPS services. Information concerning programs and workloads of operating agencies and the Office of the Secretary has been assembled by a panel of six individuals who are experts in this field. This panel will evaluate the data and render a report. Progress on this project will be reported in subsequent reports.

Financial Management Survey of the Food and Drug Administration. The survey of the financial management activities of the Food and Drug Administration was completed during fiscal year 1958. The following are some of the improvements achieved in the financial management of this agency:

1. Payrolling has been decentralized to the three remaining Food and Drug District Offices. In addition, the maintenance of employee retirement accounts for district office personnel has been decentralized to all 16 of the district offices.

2. Allotment accounting and the examination and scheduling of vouchers for payment was decentralized to all of the district offices. None of the Food and Drug financial management functions is being performed by the HEW Regional Offices.

3. A reorganization has been accomplished which provides for two assistant directors in the Division of Administrative Management. One assistant director is now responsible for all financial management functions and the other assistant director for all other administrative management functions such as personnel, procurement, and O and M functions.

4. Considerable progress has been made toward converting the certification program to a revolving fund type operation. The complete changeover should be accomplished by June 30, 1959.

Financial Management Survey of the Office of Vocational Rehabilitation. The Office of Financial Management, Office of Administration, has completed a survey of the Office of Vocational Rehabilitation. The recommendations contained in the report will improve the financial management of that agency.

Internal Audit Program. The activity of the Division of Internal Audit, Office of the Secretary, was intensified with the filling of the position of

Director of Internal Audit and the commencement of audits of Departmental regional offices, four headquarters offices, and a working capital fund. Ninety-four recommendations were made. The nature and status of these recommendations are shown in the following tabulation:

	Adopted	Agreed On - To Be Implemented	Under Consideration	Disagreed On - Not Adopted	Total
Simplification of Accounting and Reporting Procedures	9	4	24	3	40
Improvement in Accuracy of Financial Records	22	6	4	1	33
Tighter Control and Safekeeping of Cash, Property and Other Assets	4	2	8	-	14
Simplification in Control of Cash, Property and Other Assets	5	-	2	-	7
Total	40	12	38	4	94

Public Health Service

Three National Cash Register Punch Type Recorder Machines were installed for use in conjunction with the existing NCR bookkeeping machines. This installation automatically provides punched paper tape as a by-product of the normal machine posting of the allotment ledger accounts. IBM cards are then produced automatically from the tape. These cards are used to prepare monthly accounting reports mechanically. The reports were formerly prepared from IBM cards which were manually punched by IBM punch machine operators from the same original documents used by the NCR bookkeeping machine operators. Although there will be no savings in manpower resulting immediately from this installation, savings may be made in IBM processing costs after the period of dual trial operations.

Saint Elizabeths Hospital

The number of allotments being made had previously been reduced from approximately 65 to 6. These allotments, which are made to operating officials responsible for large segments of the hospital program, has resulted in increased efficiency in the management of the funds available to them as well as increased satisfaction in having available this practical working tool. Reporting methods have been developed for furnishing allottees with financial information monthly relating to the status of their funds.

The cost of procurement of drugs and medical supplies has been reduced through the use of contracts of other agencies by making large quantity purchases at lower prices. Frequent small purchases have been reduced through the use of quantity or annual contracts, thereby reducing the procurement workload.

Bureau of Old-Age and Survivors Insurance

Extension of Electronic Data Processing in the Division of Accounting Operations. A second Electronic Data Processing Machine was installed in connection with processing reports of earnings of individuals covered under the social security program. Cost for fiscal year 1959 from the installations already made will be at a level of approximately $1,800,000 below what they would be with conventional equipment. Plans have been made for installation in fiscal year 1960 of a third machine, which will result in an additional savings of about $250,000 a year. After the third installation, practically all of the earnings record operations after the initial key-punching of earnings items will be performed by electronic equipment.

Magnetic Tape File of Employer Addresses. The Bureau has obtained from the Internal Revenue Service the names and addresses of approximately 4,000,000 employers who make social security reports of earnings of their employees. This information is being key-punched and recorded on magnetic tape. After completion of the tape, the file will be updated quarterly. The major benefit to be derived from the use of a magnetic tape file of employer addresses is a more efficient, more expeditious, and less costly method of addressing correspondence to employers than was provided under the former system utilizing addressograph plates. Estimated savings of $160,000 per year are anticipated after the file has been placed in regular use.

Utilization of Microfilm Reader-Reproducers. Studies completed by the Division of Accounting Operations in fiscal year 1958 showed the feasibility of using microfilm reader-reproducers, and six machines were purchased. These reader-reproducers make microprint copies of documents during their projection, thus eliminating a separate photographic operation. Savings in processing time and clerical work formerly required by the Division of Accounting Operations to obtain copies of employer wage reports have been realized. Money savings are estimated to total at least $12,000 a year.

Application of Electronics to Benefit Conversion. A study was made to determine the feasibility of recording on magnetic tape the information on the payee punch card records of all beneficiaries on the rolls. The application was found to be feasible, and the preparation of the magnetic tape was completed in May 1958. The tape will be used to make conversion of benefits to the new scale provided for in the 1958 Amendments to the Social Security Act. Conversion of benefits to the new scale through the use of electronic equipment can be accomplished more quickly and more economically than with conventional equipment. The magnetic tape will also be used to obtain annual tabulations of benefits paid by county and state of residence of the beneficiaries of the program, beginning with the December 1958 data, and will thus make a wider range of statistics available in a shorter period of time. Savings from the use of the tape for the annual benefit tabulations are estimated at approximately $50,000 a year, and additional savings are expected from further uses of the tape for statistical purposes.

Combining Benefits Payable to a Husband and Wife Into One Check. The Bureau completed the project of combining benefit payments to husbands and wives into one check. Beginning with the claims approved September 14, 1956, payments to husband and wife beneficiaries were issued in a single combined check. However, approximately 2,000,000 husband and wife beneficiaries on the rolls prior to that date were being paid in separate checks. Beginning with the December 1957 benefit payment, the first segment of this latter group of beneficiaries was processed mechanically and their payments combined into a single check. About 1.4 percent of the beneficiaries objected to the combining of checks and continued to receive their individual checks.

It was estimated that savings in fiscal year 1958 of approximately $1,000,000 in charges to the Old-Age and Survivors Insurance Trust Fund resulted from the reduction in the number of checks and from a reduction in the total cost of check processing. Due to the increased number of beneficiaries coming on the rolls, and the recent increase in postal rates, the estimated savings for the fiscal year 1959 will amount to $1,500,000.

Bureau of Public Assistance

Effective September 16, 1957, the Bureau established an Administrative and Financial Management Branch which provides an organizational structure for integrating fiscal accountability and budget control with work programing. Several results have been accomplished in line with the objectives of the Joint Program for Improving Accounting. These include:

1. Coordination of the various elements of financial management, providing accounting support for the budget, and avoiding the creation and use of additional and separate records and reports for specific purposes.

2. Establishment of quarterly operating budget plans, with evaluation and control responsibility integrated with financial accounting responsibilities. This follows through on the concept of having broad obligation allotments.

3. Provision for maximum use of technical skills of clerical staff in accounting, auditing and payrolling by having staff with these skills also carrying budget clerical duties. Functions in these areas of a "non-technical" nature are assigned to staff in the administrative clerical series that are responsible for clerical work in relation to work planning, management improvement, administrative reports, etc.

4. Similarly, administrative staff carrying over-all responsibility for budget development, execution and control are also responsible for development of the Bureau's Work Plan and Progress Reports.

In conjunction with the establishment of the Administrative and Financial Management Branch, the staff responsible for processing grants to states (assigned to the former Fiscal Branch) were relocated to the Division of Program Operations to bring about integration of this function with other grant responsibilities.

DEPARTMENT OF THE INTERIOR

The Department, with the continued efforts of the Division of Budget and Finance in the Office of the Secretary and representatives of the constituent agencies, has made additional progress during the year to improve financial management operations throughout the Department. Under the Joint Accounting Improvement Program financial management development work will be carried on within the principles and standards prescribed by the Comptroller General.

It is the objective of the Department that each of its constituent agencies document in manual form the principles, standards and related requirements governing its accounting operations, and that the Manual be used as a basis to obtain approval of such accounting systems by the Comptroller General.

Bureau of Land Management

The Bureau converted its accounting system from a substantially cash basis to an accrual basis of accounting under which accruals are recorded currently on a daily basis. The system provides for general ledger control over property at each location supported by subsidiary records maintained on an item basis. Supplies carried under warehouse control are accounted for on a usage basis. The new system has been formally manualized and will be placed in operation during fiscal year 1959.

Bonneville Power Administration

Accrual Accounting. During the fiscal year 1958, the Administration converted its accounting system to an accrual basis, including adequate inventory and property records, and prepared financial reports on this basis. The system is designed to conform to that prescribed for public utilities by the Federal Power Commission and, at the same time, to accommodate the reporting requirements imposed upon the Administration as a government agency. The system of "Activity Accounts" employed relates costs to production units of work and provides a systematic method of converting these activity accounts into FPC classifications for reporting purposes. The accounting, budget and organizational classifications are related by a method under which charges can be determined by activities (including individual budget items) by organizational units or both. The Administration makes no formal allotments, as such, below the appropriation level. Funds are programed on an organizational basis, and budgets are now, as in the past, cost-based. An accounting manual is under development which, upon completion, will be submitted as a basis for approval of the system by the Comptroller General.

Whole Dollar Accounting. The Administration has established a program for converting to whole dollar accounting for all items except transactions with the Treasury Department, vendors, customers and employees. In fiscal year 1959 all internal and external statements and reports, except those effecting the items listed above, will be in whole dollars only. This conversion is expected to save many man-hours in writing, punching, adding, balancing, typing and proofreading. Also, it will reduce the opportunity for error, and provide additional savings by reducing the size of forms and other paper used in the preparation of reports and statements.

Alaska Railroad

As the result of a joint effort by the Department of the Interior, the Alaska Railroad, and the General Accounting Office, the accounting manual of the Alaska Railroad was completed and was subsequently approved by the Comptroller General on September 25, 1957. The accounting system embodies the accounting principles as used in the railroad industry and provides for accrual accounting, including property accounting and depreciation, and funding of leave. The system and related procedures are geared to the principle of adequately disclosing the financial condition and operating results of the Railroad, to provide full accountability of the Government's investment in the Railroad, and to afford management such data as necessary to carry out its responsibility on the most efficient and economical basis.

Initially, the operating budget is predicated upon the annual cost-based budget submitted to the Department for the Alaska Railroad Revolving Fund. Because expenses of operation and maintenance are met from current revenues, the relationship between actual revenues and actual expenses is closely watched. Forecasts are made in advance of monthly revenues and allotments for operation and maintenance are kept within the forecasted income. Actual results taken from the accounts are incorporated in a comparative report published monthly showing current month and fiscal year to date. This information is used as the basis for adjusting operations as necessary during the current month, trends considered, and in planning operations for the next budget month. Synchronized classifications were established July 1, 1956. Effective April 1, 1958, the use of a monthly allotment schedule was adopted which sets out the amounts available to each of approximately 20 responsible officials and the estimated revenues on which the allotments are predicated. Allotments, as such, were not previously issued.

Geological Survey

The Survey is preparing to convert its accounting to the accrual basis effective July 1, 1959, to support a cost-based budget planned for the 1962 budget year. A punch card property record system has been in operation for several years for motor vehicles, scientific and field equipment, and office machines. During 1958, about 67,000 items of office furniture, fixtures, and laboratory and shop equipment were inventoried and included in the punch card record. This places most of the Survey's nonexpendable property under accounting control.

A considerable reduction in the number of allotments has been achieved as a result of raising the allotments to the budget activity level. Also, the number of project accounts maintained below the allotment level was further reduced by 270 through a program of consolidation of State Cooperative and Federal Accounts. Installation of a staffing pattern that relates employment requirements to operating budgets was also completed during the year.

Southwestern Power Administration

Accrual Accounting. The accounting system in use since July 1, 1951, is designed to conform to that prescribed for public utilities by the Federal Power Commission, with necessary modification to accommodate the reporting requirements imposed upon the Administration as a government agency, and is maintained on the accrual basis of accounting. At the end of each quarter costs are accrued for all outstanding obligations for goods and services received but not paid for. Annual leave is accrued each bi-weekly pay period. Work orders are analyzed upon completion and monetary values determined for each unit of property.

Although all accounting records are at present manually maintained, equipment has been acquired to convert to machine accounting by December 31, 1958.

The budget classifications maintained to control funds by organizational structures coincide with organizational units of the Administration in every instance. Funds are allotted by Divisions for each appropriation within the approved apportionments for the budget activities, and are synchronized with the accounting records. A total of 35 allotments are used. Budget estimates based on costs have been submitted to the Bureau of the Budget for fiscal years 1958 and 1959.

Southeastern Power Administration

Accounting for the Administration is on an accrual basis and conforms to the requirements prescribed by the Federal Power Commission for public utilities, and with modifications meets the reporting needs of the central agencies. The system includes monetary property records and was approved by the Comptroller General November 17, 1952.

Cost-based budgeting was initiated in fiscal year 1958 on an informal basis and was made effective in the fiscal year 1959 budget. Financial and budget reports are integrated with the cost-based budgets.

In fiscal year 1958, that part of the fiscal year 1959 budget covering the purchase of energy and wheeling charges was prepared on the basis of net billings. Revenues are netted against expenses and settled on a monthly basis from appropriated funds for amounts due each company over and above amounts due the Government. Revenues in excess of charges are collected and deposited in the U.S. Treasury. This method of settling accounts on the basis of net billings results in a reduction in the number of billings. The related accounting procedures will become effective with the fiscal year 1959 appropriation.

Bureau of Reclamation

Accrual Accounting. The Bureau's existing accounting system embraces the accrual concept of accounting, including adequate property accounting. The accounts are maintained on a decentralized basis, which results in independent accounts being kept by the various accounting entities. Appropriated funds are controlled by means of branch office accounts maintained in the Office of the Commissioner at Washington. Refinement and improvement of the existing system and procedures are continually under way as a part of day-to-day operation. Cost-based budgets were instituted with the fiscal year 1946 budget. Accounting, budget and activity classifications are synchronized with organization structure. Allotments for operation and maintenance activities were further simplified during the year by the consolidation of entities under the same activity thereby reducing several allotments to one and expediting preparation of reports and budget and program schedules. Also, preliminary reports of appropriation data at the end of the fiscal year was eliminated, which has reduced report preparation and has expedited preparation of budget and program schedules.

Electronic Data Processing. Regional committees were established to investigate application of electronic data processing to certain accounting and administrative operations. In one region, the payroll operation at offices below the regional level were consolidated at the regional level and placed on electronic data processing machines under a contract with a commercial concern. Under this new method costs can be distributed at the time payrolls are prepared. Other machine applications are in an advanced stage of development, including (1) processing of power bills; (2) maintenance of real property inventory records, movable equipment records and automotive equipment records; (3) posting allotment ledgers; and (4) completion of historical data on personal services.

Bureau of Indian Affairs

Accrual Accounting and Cost-Based Budgeting. The Bureau's existing accounting system, approved by the Comptroller General January 27, 1953, provides for accruals, and provides for monetary property records.

The Bureau's integrated system of budgeting and accounting is designed to produce, as a natural product, categorical data which are necessary for cost-based budgeting. Program budgets are initiated and developed at the field level by organizational unit for each primary activity. These unit financial programs are presented on operating statement forms which provide for any revisions deemed appropriate by the Central Office, considering fund limitations, accentuated requirements in other locations, etc. Fund allotments are based on approved programs, and periodic financial reports reflect (1) the program as originally approved; (2) the revised program, if revisions have been made since the initial approval; and (3) the status of the program in execution related to the approved program or latest revision. Information for cost-based budgets has been submitted to the Department since fiscal year 1954. Cost type schedules were submitted for fiscal years 1958 and 1959, which were included in the President's Budget for those years.

Synchronized Classifications. Certain budgetary classifications have been realigned to meet organizational program responsibility by combining certain activities and subactivities in the budget estimates for 1959. The activity "Weed Control" was absorbed under the activity "Soil and Moisture Conservation," organizationally as well as budget-wise. The subactivities "Tribal Affairs" and "Program Planning and Enrollment" were combined into the subactivity "Economic Development," the former having been financed previously from another appropriation. These consolidations will facilitate the budgetary processes, provide more meaningful information to related program management, and reduce financial reporting requirements. Accounting-wise, applied costs are automatically related to the budget activity sustaining the charges.

Mechanization. Transition from manually maintained equipment records to IBM punched cards has been completed for all of the field control stations and will provide for more efficient and effective financial control over equipment.

Other Improvements. Accounting functions for trust appropriations heretofore performed by the Sacramento Area Office were transferred to the Phoenix Area Office. This transfer of administrative functions further reduced the number of the Bureau's accounting stations and released personnel in the Sacramento area for reassignment or for full time program duties.

DEPARTMENT OF JUSTICE

In accordance with the objectives of the governmentwide financial management improvement program under Bureau Bulletin No. 57-5, the Department of Justice has taken action to provide for installation of monetary property accounting and for the development of accrual information. As a result, appropriation requests are being submitted on a cost basis for fiscal year 1960.

Departmental Administrative and Legal Activities

During the year the following organizational changes were made within the Administrative Division to strengthen and improve financial management:

1. The functions of the Budget Office and the Accounts Branch were combined to form the Budget and Accounts Office. The newly established office is responsible for all Departmental financial management functions including statistical and machine services.

2. A Legal and Legislative Office was established. The responsibilities of the office include administrative and legal research for the Division, review of contractual agreements and other legal and legislative matters affecting the Department's administrative operations, and the handling of authorizations involving the expenditure of funds and submissions to the Comptroller General.

3. A Management Office was established. The office is responsible for all management improvement activities and forms and reports control. The establishment of the office permitted the combining of field examination, management studies, and internal audit functions.

Immigration and Naturalization Service

Property accounting was installed during fiscal year 1958. The system comprises general ledger control accounts and supporting detailed records for fixed property and equipment and a general ledger account for recording significant stores of expendable materials and supplies. The related procedures provide for the annual taking of physical inventories of fixed assets and expendable materials.

Surveys of practices relating to transportation, communications, reimbursements, and examination of vouchers have resulted in an improvement in operations and some cost savings.

Federal Prison Industries, Inc.

During the year five sets of vocational training accounts for smaller institutions were transferred to and combined with accounts maintained at larger institutions. This consolidation of accounts resulted in the termination of the accounting relationship between the smaller institutions and the central office, the elimination of 70 ledger accounts, and the discontinuance of 225 reports each year.

POST OFFICE DEPARTMENT

Fiscal year 1958 marked an important turning point in the financial management history of the Post Office Department. The passage of Public Law 85-426, establishing new postal rate policy; the important progress made in developing, sharpening, and refining the necessary financial management tools; and the further advances made in the planned application of electronic data processing are contributing greatly to improved administration and attainment of management's objective of better service at lower cost.

Financial Policy

The most significant development in financial management of the Post Office Department was the enactment of Public Law 85-426 (72 Stat. 134-147) on May 27, 1958, which makes possible the Department's determination to restore fiscal soundness to postal operations. The Act sets forth for the first time a comprehensive statement of Postal Policy which provides that postal rates and fees shall be adjusted from time to time as may be required to produce revenue equal to the total cost of operating the Postal Establishment, minus the amount attributable to performing certain public service items which are enumerated in the Act.

The Act also provides that the Postmaster General shall submit a report to Congress every 2 years on the financial status of the Post Office Department and the need for adjusting postal rates and fees. In addition, this Act provides for postal rate increases in first-class and airmail, second- and third-class mail, and controlled circulation publications and books. The weight limit on third-class mail has been increased up to but not including 16 ounces; formerly, this weight limit was eight ounces.

The achievement of a more realistic rate structure, the adoption of a stated policy for maintaining the postal operation on an essentially break-even basis, and the statutory identification of public service activities for exclusion from the rate base mark a historic step forward in the history of the Post Office Department. The amount of public service costs to be excluded from the rate base, under the Act, is to be determined annually by the Congress by providing an appropriation specifically for this purpose. Properly administered and supported by future Congresses, the policy provisions of Public Law 85-426 should greatly reduce the heavy annual deficits incurred by the Department.

Property Accounting

During fiscal year 1958, the groundwork was laid for accomplishing one of the principal remaining financial improvement programs: the establishment of accounting control over property as required under Public Law 863.

A property accounting program has been developed for the installation and continued recording of capital property of the Post Office Department. Instructions have been developed for taking initial physical inventories in three regions. A property accounting manual, a property-record-unit catalog, a pictorial property catalog, a standard pricing list for initial inventory pricing, and related property forms have been prepared. As presently envisioned, this program will extend over a period of approximately 5 years. The 10 pilot inventories at various size post offices will be taken during September and October 1958 in Virginia, Georgia and Tennessee to determine the one best method and the relative cost in the three states. Inventories are to be completed in all installations in these three states by June 1959. Inventories in the other states and territories will then follow. Depreciation rates and reserves will be developed after inventories are completed.

This program is being developed with the cooperation and assistance of representatives of the Bureau of the Budget, the General Accounting Office and the General Services Administration.

Accrued Expenditure Basis of Accounting

Procedures are being developed to place accounts on an accrued expenditure basis. At the present time obligations and expenditures are identical for more than 95 percent of the Department's costs. The distinctions will become more important if a substantial capital improvement program is undertaken. For cost accounting purposes, motor vehicles and garage equipment are carried in the accounts and depreciated currently and inventories of garage materials and supplies are carried and charged off as consumed. It is contemplated that conversion to an accrued expenditure basis can be made on July 1, 1959, so that the fiscal 1961 budget estimates may be prepared on this basis.

Accounting and Budgetary Classifications

In accordance with the Post Office Department program and pursuant to Public Law 863, the general classification of accounts was recast to give effect to changes necessitated by administrative reorganizations and appropriation changes. Further revisions were made to bring budgetary classifications in line with general ledger account classifications effective July 1, 1958. The appropriation structure was further simplified by reducing the number of appropriations from 5 to 4 effective July 1, 1958.

Manpower Control System

An important milestone has been reached in the Post Office Department's program to provide management with better tools for control, planning, budgeting, and improving operating efficiency. The manpower control system as redesigned provides:

1. A method of estimating man-hour requirements on a postal fiscal year basis, by established periods paralleling postal accounting and payroll periods.

2. Procedures for establishing individual responsibility for estimating, controlling, and reporting man-hours at all manpower unit and subunit levels of supervision.

The manpower control system covers first- and second-class post offices, terminals (including truck terminals), airport mail facilities, and transfer offices by designated groups; and each regional group of mobile units (Railway Post Offices and Highway Post Offices). Under this system, basic targets for the coming fiscal year in terms of man-hours, workload, revenues and expenses are developed by regional officials for post offices with annual receipts of $1 million or more, during the fourth quarter of each year. These are based on estimates submitted earlier by postmasters, modified to conform with projected economic conditions and available funds and provide the operating budget for comparison with actual results each accounting period during the succeeding year.

Regional Operations Directors direct the granting and revision of quarterly man-hour allowances. Man-hour allowances may not be exceeded without notification to and proper authorization from the Regional Operations Director. Furthermore, proper workload workhour relationships are maintained so that if estimated workload does not materialize, actual man-hour allowances are appropriately reduced.

Similar manpower control procedures are being developed for use at Mail Equipment Shops and Mail Bag Repair Units.

Refinements have been made in the methods for determining workload to improve their usefulness for management purposes such as developing operational targets, forecasting workload and measuring performance. A uniform procedure has been issued covering all post offices with annual receipts over $200,000 and stationary Postal Transportation Service units. "Before" and "after" cost studies are made in connection with the installation of mechanized equipment at post offices and terminals, changes in handling methods resulting from recommendations of methods study teams, and mechanization of city delivery routes. These studies are used to determine whether predicted savings have materialized. In line with the program to extend the use of scientific sampling procedures, designated cost ascertainment sample offices of the fourth-class were selected on a probability basis for fiscal year 1958.

More Effective Reporting Systems

Much progress was made in providing postal management at all levels with more useful, accurate, timely, and economical reporting for control, decision-making, and action-taking purposes. Studies were made to convert the preparation of reports from manual to mechanized means to save considerable clerical time and issue reports more promptly. At Headquarters, there has been a marked improvement in the scheduling and coordination of the reports preparation functions. Under normal circumstances the national financial and operating reports are completed approximately 15 working days after the close of the reporting period. These cover the activities of the entire Postal Establishment throughout the United States and its possessions. Further improvements have been made in the format and content of regional operating statements which are prepared each accounting period. Greater emphasis on workload and man-hour data and expanded charting of trend information for the 13 accounting periods increase the value of these reports to management officials.

The initial step toward establishing a progressive reports management program in regional offices was launched by instituting formal programs in the Denver and New York Regions. Under this program, local reports committees were organized for the periodic review and evaluation of reports generated at the regional level. The experience gained in these pilot offices will aid in establishing more effective reports management programs in all regions.

A specially selected Inter-Bureau Reports Survey Committee, under the direction of the Assistant Postmaster General for Finance, made a comprehensive review and analysis of the Department's recurring reports. The committee after critically examining 566 recurring reports, recommended that approximately 45 percent be eliminated and that about 20 percent be revised to provide more effective management reporting intelligence. When fully implemented, the Committee's findings will vastly aid in streamlining and simplifying the reporting requirements of the Department, and will effect significant man-hour savings.

The Post Office Department has worked in close cooperation with other interested agencies in eliminating separate special reports. It has modified its internal reporting requirements wherever possible to satisfy not only its own operating requirements but also those of the Treasury Department, Bureau of the Budget, and the Congress.

The method of reporting monthly employment statistics was changed to the basis of employees paid instead of employees on the rolls. Also, effective March 13, 1958, the manual system of reporting employment was eliminated. The new mechanized procedures will provide more accurate data for management, the Civil Service Commission, other governmental agencies, and congressional committees.

Simplification of motor-vehicle-accounting and reporting procedures, particularly accounting by groups of vehicles rather than by individual vehicles which has been adopted since June 30, 1957, has resulted in reductions in accounting staff and at the same time has provided staff to handle recordkeeping for an expanding vehicle fleet.

The preparation of national summary reports on Work Performance Standards was decentralized from Headquarters to regional controller offices. This action creates a more direct working relationship between the larger mail handling postal installations under the work measurement program and regional offices. It assures earlier reporting to regional management levels of pertinent information on an accounting period basis by each installation.

Electronic Payroll Processing Extended

Based on the successful programing of magnetic drum electronic data processing equipment to process payroll and leave and other accounting functions at the Washington Regional Office, similar installations were provided at Dallas, Atlanta, Cincinnati, and Philadelphia Regions. The new procedures and equipment not only produce more accurate and timely financial data but important by-product information is being extracted for use in connection with the manpower control at postal installations.

Domestic Air Transportation Accounting

Joint studies were conducted with the individual airlines to simplify settlement procedures. Airmail bills are being settled within 20 days after receipt compared with 30 days a year ago. As a result the Post Office Department in cooperation with the air industry will conduct pilot tests with several air carriers, effective October 18, 1958, for weekly settlements by each regional controller for airmail originating in his region. When implemented on an industry-wide basis this plan will provide accurate accruals and statistics for traffic flow.

Railroad Transportation Accounting and Rates

Effective September 1, 1957, the southern railroads adopted "space used" as the basis for determining payment for all mail transportation service instead of "space authorized" to simplify recording and processing of claims and provide a more equitable base for payment of services used thus relating transportation costs directly to the services purchased. Subsequently, the Interstate Commerce Commission authorized "space used" basis for eastern railroads, effective October 1, 1958. These changes have resulted in substantial savings in transportation costs.

A task force was formed, composed of representatives of the Post Office Department and one major railroad to further improve rail mail claim accounting procedures by reducing volume of paperwork; expediting payment of claims; and simplifying accounting procedure. The task force report has been approved and two major railroads will install the simplified procedures and claims will be paid weekly on a 2-week lag basis on October 1, 1958.

New and revised procedures were developed for authorizing and paying for RPO (Railway Post Offices) services rendered, effective September 1, 1958. Carriers will be paid on a 4-week postal accounting period basis, instead of monthly. Carrier billings and monthly RPO authorizations will be eliminated.

Accounting for International Mail

Plans have been formulated for processing foreign airmail dispatch documents by modern data processing machines at airmail facilities. All detail and summary information on each dispatch document will be punched into a tape for automatic conversion to punch cards. This plan has been designed to provide more accurate and timely obligations, settlements, and statistical data. The new procedures are scheduled for installation early in fiscal year 1959.

Major U.S. airlines performing international airmail service have tentatively agreed to compute air transportation charges on the basis of average route distances, between scheduled air stop points instead of by individual flight operation. This change in procedure will simplify the preparation and settlement of claims for foreign airmail transportation. All U.S. international air carriers are expected to adopt the average distance basis early in fiscal year 1959.

A revised and simplified procedure has been developed and will be installed July 1, 1958, for processing and settling international parcel post billings. These procedures provide for direct reporting by the international exchange offices to Headquarters on international parcel dispatches instead of through coding offices. They also eliminate the necessity for coding and machine listing of parcel bills, and provide more timely data for use in settling these international accounts.

Foreign Exchange Transactions

The purchase function related to foreign exchange, formerly performed by the Postmaster at New York City, was transferred to the Regional Controller at New York, N.Y., effective February 8, 1958. Concurrent with the transfer, improved procedures were developed and installed, providing better control of foreign exchange transactions, reducing paperwork, and effecting savings in clerical hours used.

International Reply Coupons

Effective January 10, 1958, a revised procedure was installed which requires postmasters to submit to regional controller offices redeemed international reply coupons issued in foreign countries. Formerly, these documents were handled by Headquarters. This change is in accordance with the decentralization program and provides more effective control through regional controllers.

A new procedure was developed for distributing international reply coupons in accordance with Departmental policy to relieve postmasters of functions unrelated to the primary responsibility of mail handling. The distribution of international reply coupons function was transferred from the postmaster at Washington to the postal agent at the area supply center in Washington.

Customs Collections and Payments

In cooperation with the Bureau of Customs, a simplified punched card procedure has been developed to eliminate daily remittances by postmasters to various Customs ports of entry. Under the proposed procedure, each regional controller will issue one check to the Collector of Customs at New York, each accounting period, to cover the total collections for the region. It is expected that the procedure will be in full operation early in fiscal year 1959. The implementation of these new procedures will eliminate approximately 500,000 postmaster checks being issued and improve internal control within the Postal Establishment. The system also provides the Bureau of Customs with a method for accruing income on the mail entries and furnish actual accounting control over amounts due and collections made.

Accountable Paper Procedures Simplified

Effective July 1, 1957, new procedures were instituted whereby postmasters began requisitioning bulk stamp lots direct from the Bureau of Engraving and Printing, by-passing Headquarters. This represents one of the streamlining procedures instituted to accelerate processing of orders and reduce paperwork. In cooperation with the Bureau of Engraving and Printing, procedures are being developed for the mechanization of the entire stamp order processing, billing and inventory control system. These new procedures will be installed in fiscal year 1959.

Mechanized procedures for processing plain stamped envelope orders were developed and installed. This change provides substantially uniform processing of printed and plain stamp envelope orders and permits verfication of postmasters' accountability for these items by mechanical means, thus facilitating the audit process.

A revised procedure was developed for handling redeemed and unsalable stamp stock. Instead of returning such stock to the regional distributing office for credit, it is now destroyed under the supervision of a destruction committee at the post office.

The Department continued its progress in establishing agreements with other Government agencies to simplify reimbursement for the cost of handling penalty mail. During the current year agreements were made with five additional agencies.

Extended Post Office Controllership Program

Important strides were made in extending the controllership functions to the larger post offices. This program is especially significant, because it is at the large first-class offices that a majority of the expenses are incurred. A chief accountants handbook was developed and placed in use at all post offices with annual receipts of $1 million and over. A national and regional conference of post office chief accountants was held. These meetings proved successful and have contributed to a better understanding of modern controllership functions at the post office levels.

Postal Savings

Although legislative steps were begun to discontinue the Postal Savings System, certain improvements in procedures were made. The functions pertaining to the protection, control, and accounting for funds in qualified banks, on behalf of the Board of Trustees of the Postal Savings System, were transferred from the Division of Postal Funds to regional controllers. To aid regional controllers in the discharge of their functions a postal savings handbook (F-11) was developed and issued.

Handbooks

Technical procedural handbooks have been developed for most regional controller functions. Continued emphasis is being placed on improving and revising handbooks as better methods and procedures are developed and tested.

Paperwork and Records Management

Drastic reduction in the number of post office local forms was effected during fiscal year 1958. Post office officials studied over 25,000 forms used in mail handling, personnel, and financial activities. Local forms not eliminated were then reviewed by regional offices and Headquarters. To date, over 22,000 of these local forms have been replaced by existing official forms or discontinued without replacement. The remaining 3,000 are still being reviewed and will soon be eliminated or replaced. Thus, the Department is reaching its ultimate objective of eliminating all local unauthorized forms in all post offices. This program has not only resulted in the discontinuance of these 22,000 forms but also has eliminated unnecessary work, since over 11,000 of these forms and their related procedures were discontinued without replacement. Post office local forms used in other activities are being or will be similarly reviewed.

An initial handbook was developed and issued in August 1957 which provides for the retention and disposal periods for all records in post offices. The retention and disposition schedules have been revised and a forms index has been developed in order to facilitate implementation by postmasters.

A uniform filing guide was developed to provide simplified filing of records by Postal Manual headings. A letterhead and envelope catalog was developed and published containing facsimile reproductions. It also furnishes usage and ordering information.

Other Improvements

A new all-purpose Treasury check was adopted for all disbursements made by regional controllers. Also, new 4-digit symbols were assigned to the accounts of each assistant disbursing officer in the regional offices. This action was part of the Government-wide program to facilitate the new central reconciliation in the Treasury.

Procedures were issued in connection with the decentralization of General Services Administration procurement functions and payments at regional controller offices where supply centers are located. Also, payment of invoices for rentals of electrical accounting machines were decentralized to regional controllers, effective January 11, 1958.

Uniform minimum accounting requirements were developed and issued for employee cafeterias operated by committee in Federal and leased buildings under control of the Post Office Department.

Internal Audit

Effective August 1, 1957, the Division of Internal Audit was transferred from the Bureau of Finance to the Bureau of Chief Postal Inspector, thus centralizing in one bureau all investigative and audit functions, and strengthening internal control.

Statistics Program

Further progress was made in developing and installing quality control chart techniques, industrial-type sampling, and other statistical techniques and measurements to provide reliable information and statistics for planning and operational purposes. For example, statistical sampling was used for collecting data needed in railway mail pay cases. A bin test sampling plan provided data for determining payments of railroad storage services. Third- and fourth-class post offices designated for cost ascertainment reporting were selected by random sampling methods. An experimental plan was designed for collecting statistics of incoming foreign mail.

Emphasis on a more accurate mail volume count created a need for local conversion factors to translate gross measurements of mail volume (sacks, pouches, etc.) to pieces of mail. A system is being prepared for editing mail volume data to improve accuracy. Directives are being drafted to the regional offices for installing scientific random sampling methods and control charts for continued quality assurance.

A method for inventorying mail sacks was developed by preparing a life expectancy curve on mail sacks so that a reliable inventory can be estimated promptly and economically.

DEPARTMENT OF STATE

With respect to the Department's improvement program under Bureau Bulletin No. 57-5, discussions were begun late in the fiscal year 1958 with the three central agencies, looking to the establishment of a Joint Project Team, consisting of representatives of the Department, the General Accounting Office, and the Bureau of the Budget. By the end of the year agreement had been reached as to the scope of the project and the method of operation so that the team could begin work early in the fiscal year 1959.

During the fiscal year 1958 certain phases of the domestic payroll operation of the Department were mechanized which, together with other refinements of the payroll system, has resulted in more essential data relative to individual earnings, and a more simple and effective method of mechanical reconciliation of annual totals of employees earnings and salary payments.

Some improvements have also been made in maintaining the general ledger through a revision of accounts structure to separate appropriated fund accounts from working, deposit and trust fund accounts; and a more effective method of analyzing accounts for purposes of a better control was inaugurated. Significant improvements were also effected in the controls on in-transit liquidation documents resulting in a more current adjustment of obligations and an improvement of management of funds at the allottee level.

Monthly Reports on Budget Status were changed to include greater coverage of current expenditures and thus a more realistic reporting of obligation and expenditure data is reflected by these reports.

A monthly domestic vacancy report was developed to more closely relate the needs of the domestic offices and bureaus to the Office of Personnel's recruitment schedule and the Office of Budget's financing of permanent positions under Salaries and Expenses appropriation. The report also served as a basis for adjusting personnel authorizations to individual offices and bureaus for positions not fundable or unneeded, and points up trouble areas in relation to dual incumbencies and the nature of the remedial action being taken.

Other miscellaneous accomplishments included (1) minor functional realignment of the accounts receivable function to centralize that operation in one office, (2) simplification of the accounts and report structure of the Foreign Service Retirement Fund, and (3) development of procedures to expedite the withdrawal and return to the Treasury of unobligated fund balances remaining at the end of the fiscal year.

Review and Improvement of the ICA Programing Process. Intensive studies by a special task force resulted in the publication of a manual order covering the ICA program development process. The procedure was installed with the aid of visits to field missions. It contemplates the establishment of U.S. objectives in each country, the isolation of problems interfering with the attainment of those objectives, the specification of problem conditions which are in existence, and the development of activities proposed to deal with the problems and the conditions.

Under the revised procedure, ICA will receive from each mission a Master Program Book which sets forth actual and proposed programs and their relationships to fiscal requirements. The books will produce the following advantages:

1. They will furnish the opportunity for interested U.S. field personnel, under the general guidance of the Ambassador, to review the total U.S. position in each country and prepare carefully thought out comprehensive proposals for consideration in Washington.

2. They will furnish a more comprehensive basis for Washington approvals of proposed programs at earlier dates than has heretofore been possible. Further, Washington approval of program content is thereby facilitated by removing the need for detailed consideration of fiscal availabilities and exact timing of subsequent implementation.

3. They will furnish the basis for Washington determination of the best distribution of available funds for the operational year without the later submissions of detailed budget data as heretofore. Missions will be given additional authority to use their discretion as to which portions of the approved program should be financed in the operational year within the amounts allotted.

4. By providing an advance program framework, they eliminate the necessity to delay the formulation of the action program until after congressional action which enables earlier implementation of the actual program.

Cost Based Budgeting. Preliminary discussions have been held relative to changing the program development process from an obligational concept to a concept of "aid delivered." These discussions were concerned primarily with the means by which to overcome certain practical difficulties which include developing "aid delivered" programs in detail with foreign governments in advance of the time the United States can commit itself, Internal Audit. The Internal Audit Manual covering all phases of the internal audit program has been published and is now in use. A detailed and comprehensive audit plan covering all headquarters and field activities, including audit emphasis and staffing needs, has been submitted to top management and is in process of implementation. In addition, substantial improvements have been made by strengthening the audit staff through the employment of highly qualified internal auditors. These actions complete the project.

These improvements have increased the effectiveness and acceptance of internal audit by top agency personnel in Washington and at missions overseas. The number of audits increased over 50 percent from last year and the number of specific recommendations for improved operations increased by almost 60 percent. In addition to improvements and adjustments made during the course of internal audits, 569 formal recommendations for improved operations were presented to management in FY 1958. Of these 472 have been implemented and 97 are in process.

Development of Administrative Audit Manual and Basic Procedures. Several basic procedures were issued for the administrative examination of various types of vouchers and related functions. A Travel Audit Handbook, Contract Voucher Audit Handbook and several other basic procedures covering audit activities for dollar and local currency transactions are drafted and under review. In addition, a publication entitled "Summary Statement of ICA Audit Processes" was issued which contains a comprehensive and coordinated presentation of the total Washington and field audit process employed by ICA to increase the effective control of its resources.

This publication and procedures resulted in substantial improvements in the quality and effectiveness of ICA audit as well as a general increased appreciation by ICA audit staff and operating officials of the importance of audit in the agency's program to improve its financial management activities.

Contract Operations. Senior officials in the agency have given priority attention to improving and formalizing contract operations. The Inter-Office Contract Working Group completed a broad study of all policy and procedural aspects of the entire contracting operation. The group report proposed policies and procedures for (1) the standardization and simplification of procedures and forms, (2) clarification, revision and development of appropriate contracting policies, (3) elimination of unnecessary clearances in various phases of the contracting process and (4) extension of maximum operating authority and flexibility to the Washington Contract Office and the missions.

A complete and comprehensive Contract Regulation including basic policies, authorities, standards and procedures was drafted and is being revised in final form. A draft statement on Contract Cost Principles was completed and is being used on a trial basis in the review of financial provisions in contracts and the post audit of contractors' operations. A working draft of a contract post audit manual was published and is presently in use. A basic manual order on the administration of ICA financed contracts was completed in FY 1958, and is now formally issued and in operation.

These actions represent substantial improvements in the contracting processes. Many additional areas are under study and when completed will further improve ICA contract performance.

Electrical Accounting Machine Operations. As a result of the study in 1957 of EAM (Electrical Accounting Machine) applications performed for ICA on contract, the agency's Tabulating Branch has been established and limited operations are being conducted. The work of one contractor (State Department) has been assumed and the work of a second (Service Bureau Corporation) will be undertaken on October 1.

A committee formed in January 1958 to conduct an over-all agency study of the system currently being used in preparing monthly statements of commodity shipments applicable to each aid receiving country and all related agency financial and statistical reports has substantially completed its assigned task. As a result of this study, the committee has proposed certain significant improvements in the existing EAM operations involved in the preparation of ICA monthly statements of accounts and related reports which will permit increased integration of the billing for foreign currencies, allotment accounting processes and related financial reporting of the agency through the use of a one-punch card system in lieu of the presently used dual punch card system. In addition, it is anticipated that the proposed system will result in a substantial reduction of machine hours as well as certain intangible benefits due to improved and more timely reporting processes.

Current planning on this project contemplates testing of the proposed system during the period October 1958 through February 1959.

The committee is continuing to explore additional EAM applications and additional planning within the Office of the Controller relative to placing ICA/W payroll application on EAM is now under way.

Review and Improvement of Reporting System. In view of the changing nature of world conditions and of ICA programs, the demand for an increasing number of reports from field missions leads to a realization that a system of reports control needed to be instituted if all proper demands were to be met. A manual order establishing a reports control unit in the Office of Statistics and Reports was issued. A small staff has been recruited. In the past two months, reports control numbers have been assigned to all field reports and a listing of all such authorized reports has been issued to all missions. All Washington reports have also been assigned reports control numbers. Standards have been proposed for Mission Project Progress Reports and for Mission Technical Service Periodic Reports. The review of existing and proposed new reports is, of course, a continuing process. As a result of these actions, it is believed that existing reports will be improved, some unnecessary ones will be discontinued, thus decreasing manhours spent on reports preparation. A few new reports will be initiated to meet agency requirements not now being adequately met.

TREASURY DEPARTMENT

The Department continued to work toward improvement of financial management throughout the Department in line with the requirements of Public Law 863, and the Joint Accounting Improvement Program.

(a) Accrual Accounting. Progress continued toward the objectives of Public Law 863, approved August 1, 1956, and Budget Bureau Bulletin No. 57-5 relating to establishment of accounting on the accrual basis.

Following receipt in November 1957, of principles and standards for accrual accounting issued by the General Accounting Office, a review was made of the status of the program and what further action needed to be taken. As a result, Treasury Department Circular 987 containing basic departmental requirements under the program for establishing accrual accounting was revised under date of March 19, 1958. Previous requirements for accounting techniques which would enable determination at least at the fiscal year's end of accrued expenditures were broadened in the revision which in addition requires establishment of monetary property accounting as an integral part of each bureau's accounting system.

In recognition of the practical philosophy underlying the objectives of the program, continuous maintenance of formal accounts on the accrual basis is not required in bureaus where there is little difference between the amounts of goods and services ordered, received and used in an accounting period. Rather the accounts are to be maintained so that financial reports can be presented on an accrual basis at significant reporting dates and at the close of each fiscal year beginning with the fiscal year 1958.

While all bureaus were able to comply with basic requirements as of June 30, 1958, further consideration will be given to refinements in certain areas including property accounting.

(b) Allotments and Classifications. In previous years bureaus of the Treasury took steps to simplify allotments, and establish account classifications in line with budget classifications and organization structure. Practices followed were reviewed in the fiscal year 1958 and certain limited improvements may be feasible. The matter will be given further attention from time to time.

(c) Accounting Manuals. Tied in with the development of accrual accounting, there is need for new or revised accounting manuals to be submitted to the Comptroller General for approval. Several bureaus have indicated manuals will be submitted during the fiscal year 1959.

(d) Administrative Control Systems. In view of the provisions of Public Law 863, a project has been activated to determine what revision of Treasury Department Circular 880 relating to administrative control of funds would be necessary or desirable.

Bureau of Accounts

Improved check preparation processes. In fiscal year 1958 high-speed electronic check writing machines were installed in the Chicago, Philadelphia, and New York regional disbursing offices. Substantial savings are expected through the use of this equipment by reducing file maintenance costs and eliminating the separate operation required for preparation of check issue lists.

The claim or payee account number punching procedure, utilized in the electronic process, was extended to several other regional offices using tabulating cards or addressograph plates as check writing media. This action has eliminated the necessity for preparing bookruns as supporting documents for certified voucher schedules.

The development and installation of machines which combine check signing and microfilming has resulted in annual savings of approximately $50,000 through the elimination of separate check signing functions.

Use of punched card United States Savings Bonds. With the adoption of the new punched card type of United States Savings Bond by the Bureau of the Public Debt in October 1957, the Bureau of Accounts has been able to effect savings of about $39,000 annually in the issuance of savings bonds to Government employees under payroll savings plans.

Other improvements relating to disbursements. Other improvements included (1) reaching an agreement with the Social Security Administration to submit scheduled payments in two groups, those for which the initial and recurring payments are different, and those for which the payments are the same, to reduce addressograph plate and card handling in the regional disbursing offices, (2) eliminating (a) documentation to effect transfers of funds between accounts for substitute check claims and (b) prescribed forms to be executed by claimants where previous correspondence from the claimants fully supports the substitute check actions, both resulting in annual savings of some $36,000, and (3) simplifying procedures for verifying income tax refund checks by the substitution of automatic machine control methods for visual comparison of individual items, resulting in recurring annual savings of approximately $62,000.

Accrual accounting. The Bureau established monetary administrative accounts for expendable and nonexpendable property owned. The Bureau does not hold title to any real property. Accounts showing accrued annual leave were also established

Other improvements made during the year. Other improvements included (1) issuance of a Manual of Operating Procedure for Regional Office Administrative Accounting and Reporting which will be submitted to the Comptroller General for approval, (2) simplification of accounting procedures relating to foreign claims, claims for the proceeds of canceled checks, investments, and uncurrent and substitute checks, and (3) reporting of deposits confirmed by the Treasurer of the United States on a more current basis so that the audit of deposits in transit can be performed at the earliest date and discrepancies can be investigated more promptly.

Bureau of the Public Debt

Accounting for Public Debt transactions. The conversion of public debt securities accounts to a punched card system, integrated with the cash accounts, was substantially completed during the year. Some of the savings bond procedures were still in the testing phase at June 30, 1958, and are expected to be completed during fiscal year 1959.

Electronic Data Processing. Electronic data processing techniques were instituted at the Public Debt office in Parkersburg, West Virginia, for application to operations involving the issuance, servicing, and retirement of the punched card Series E savings bonds. Information from the bond registration stubs and card bonds is being converted to magnetic tape for ultimate merger into alphabetical and numerical files. The electronic equipment will be further utilized to (1) develop accounting and classification reports of all sales and retirement transactions and trial balances of registers to prove accuracy with related accounts; (2) establish and maintain serial number registers of bonds issued and retired and an alphabetical index of bond owners; and (3) prepare discrepancy listings of registration stubs and retired bonds for audit purposes.

Accrual accounting. The Bureau developed and established on July 1, 1958, a full set of general ledger accounts on an accrual basis. These accounts were designed and coded in accordance with standards and principles contained in Title 2 of the General Accounting Office Policy and Procedures Manual.

Property accounting. The monetary property control system, installed in bureau offices in 1957, is being extended to include nonexpendable property held by Federal Reserve banks for the account of the Bureau. A manual and catalogue containing provisions for controlling, pricing and inventorying supplies for the Washington Office was issued during the year.

Other improvements made during the year. Other improvements included (1) adopting procedures for microfilming bonds which have been in the undeliverable savings bond file for 3 years and destroying the bonds, thereby reducing the file from 78,000 to 6,000 pieces; replacement bonds are issued after satisfactory proof of ownership is established, and (2) simplifying the procedure for accounting and reporting erroneous redemptions by handling these transactions in the same manner as other transactions and reporting them in the daily and monthly reports, thereby eliminating adjustment warrants.

Office of the Treasurer of the United States

Application of electronic equipment to the payment and reconciliation of Government checks. The program to centralize the payment and reconciliation of all checks drawn on the Treasurer of the United States was completed during fiscal year 1958. Through the use of electronic equipment about 356 million checks were processed during fiscal year 1958.

Accrual and property accounting. The accrual concept of accounting has been adopted under which the accounts are converted, by the inventory method, to an accrued expenditure basis at the close of each fiscal year. Monetary accounts for nonexpendable property were established in the general ledger during fiscal year 1958. The accounts are supported by detail inventory cards according to operating function.

Other improvements in accounting operations

1. The maintenance of detailed accounts relating to Public Debt transactions was discontinued. Summary accounts are now being maintained for cash information while the Bureau of the Public Debt continues to maintain the detail accounts.

2. Postal Money Orders received for deposit are now being forwarded to the Richmond Federal Reserve Bank for credit and collection. This has eliminated the detail handling by the Office of the Treasurer of about 30,000 money orders each month.

3. The Office of the Treasurer now reviews claims for and authorizes the issuance of substitute checks. The Bureau of Accounts performed this function prior to January 1, 1958. In connection with this change, the necessity for transferring funds from one disbursing account to another was eliminated.

4. Improved procedures were adopted for clearing Federal Reserve bank transcripts. These procedures eliminated the heavy pressure

connected with Tuesday clearances which often delayed balancing and reporting in the check payment and reconciliation function.

5. Specially designed equipment was installed for consolidating several steps followed in proving and classifying transactions in the Treasurer's account.

Bureau of Customs

Improvements in customs accounting during the fiscal year include: (1) establishing formal general ledger and subsidiary accounts for land, buildings, and equipment; (2) placing the accounting for the Bureau's administrative appropriation on an accrual basis with respect to expenditures and reimbursements; (3) expanding the use of imprest funds, and (4) formulating plans for the simplification of mail entry procedures with the cooperation of the Post Office Department. Under the proposed mail entry procedure, each postal regional controller will issue one check to the Collector of Customs at New York at the end of each 4-week accounting period to cover the total collections for the region, in lieu of daily remittances by postmasters to each port of entry. The postmasters will be relieved of the issuance of approximately 500,000 remittance checks and the Collectors of Customs of issuance of a like number of receipts therefor. At the same time, adequate accounting control is provided over informal mail entries. The system also provides a method for accruing income on the mail entries and furnishes actual accounting control over amounts due and collections made.

Bureau of Engraving and Printing

The program of developing integrated operational and accounting manuals for production divisions was continued and special emphasis was placed on providing latitude for frequent operational changes occasioned by a continuing modernization program. Considerable effort was expended in the study of existing methods and division of work, the development of revised procedures to simplify recordkeeping and to improve internal control, and in the training of personnel in the new methods of accounting and control.

A study of potential uses of automatic data processing equipment in Bureau operations resulted in the establishment of over-all objectives and it was planned that conversion to machine methods would be accomplished in two separate phases.

Changes were made in the method of costing inks manufactured in an attempt to facilitate cost analysis. The new system relates costs to an individual formula rather than to broad groups of formulae, as heretofore, which enables better control over cost and quality variations. The inventories of inks on hand at June 30, 1958, were priced and future costing will be performed by the new method.

Internal Revenue Service

Administrative Accounting. During the fiscal year 1958 procedures were established to record property values in the General Ledger. Nonexpendable property is recorded at estimated cost based on replacement value, with a periodic adjustment for acquisitions and disposals. Depreciation to a reasonable estimated value of the equipment on hand, based upon condition classification, is also recorded in the General Ledger. Expendable property is recorded on the basis of fiscal year-end inventories.

Payroll operations for the Atlanta, Boston, Cincinnati, New York and Philadelphia Regions and the National Office, were centralized on existing electronic equipment at the Northeast Service Center, Lawrence, Massachusetts, during the fiscal year 1958. Personnel analysis reporting, year-end reports, and analyses of personnel on the rolls were also handled in the Service Center from the pay and master records.

In addition, payroll operations in the Northeast Service Center were completely reprogramed and tested, in anticipation of the change from an electronic calculator to a magnetic drum data processing machine shortly after the beginning of the fiscal year 1959. This project is directed toward improving the over-all financial management and reporting.

The program of procedural surveys of Regional Fiscal Management Branches, begun during the fiscal year 1957, was completed in March 1958. The surveys resulted in savings of approximately 9 man-years, and a series of follow-up visits is being planned for the fiscal year 1959.

Revenue Accounting. Weekly assessment and billing cycles adopted for Service Center operations have simplified the reciprocal accounting relationships with District Offices and strengthened internal controls. Agreement reached with the Disbursing Office permits listing up to 20,000 accounts on one refund schedule.

The Revenue Accounting Manual is being redrafted to handbook style with a format which will permit more extensive use of the detailed instructions by operating personnel in District Offices. The revised manual will include new instructions on undelivered refund checks resulting from General Regulations No. 136, the use of combined journal and abstract forms, and a reduction in the number of general ledger accounts. This manual will be submitted to the Comptroller General for approval after it is rewritten and field tested.

Bureau of Narcotics

A comprehensive analysis of all fiscal and accounting operations was performed at Bureau headquarters and field locations which resulted in the following improvements: (1) revision of the general ledger to correspond with recommended chart of accounts; (2) redistribution of workload to realize a more effective utilization of manpower and to eliminate a backlog of unpaid bills and posting media; (3) discontinuance of an obligation register which duplicated information contained in other accounting records; (4) elimination of various minor object classifications that produced limited information to management; (5) revision of field office obligating procedures and accounting controls to eliminate unnecessary adjusting documents and thereby decrease the workload in headquarters; (6) establishment of accounting records on an accrued expenditure basis for fiscal year 1958; and (7) establishment of monetary property accounts in the general ledger effective June 30, 1958.

United States Coast Guard

A study of the Comptroller organization, accounting methods, and related financial management functions at the Coast Guard Academy was conducted during the fiscal year. This study resulted in improvements in staffing of the Coast Guard Academy Comptroller Division, development of accounting instructions, and the transfer of the manual pay record system for cadet accounts to an electric accounting machine system.

The Coast Guard also adopted a career development program for accountants. The program is designed to attract young college graduates and to provide them with a maximum of diversified training to further their professional development and usefulness in the Coast Guard. It has been implemented by establishing a limited number of trainee positions to be filled with recent college and university graduates.

United States Secret Service

The accountability procedure for handling contraband property installed effective July 1, 1957, makes use of a serially numbered contraband receipt form, subject to strict accountability, to provide a means of assuring that contraband surrendered in the field offices reaches proper administrative channels for disposition. A further strengthening of control over contraband was concurrently adopted in headquarters by providing for a distinct separation of actual custody over contraband from the maintenance of inventory records. Under the existing accounting system, which includes accounts for property, accrual information can be developed periodically for important reporting dates.

ATOMIC ENERGY COMMISSION

Improvement efforts during fiscal year 1958 were directed generally to refinement of techniques and methods employed in the financial management system utilizing a fully coordinated system of accrual accounting and cost-based budgeting, with an internal audit program as part of the internal review and appraisal function.

Modifications to the AEC Accounting System. Many modifications were made in the AEC accounting system to meet the current needs on new programs and activities such as the accounting for (a) waiver of use-charges on leased material, (b) assistance to research, (c) power demonstration reactor program, (d) material in the hands of licensees and charges for its use, and (e) power reactor operations. Additionally, a single transfer document was developed (a) to consolidate two documents used previously to transfer costs between AEC offices and contractors, (b) to combine the use of a Journal Voucher (SF 1017-G) for the transfer of payments, and (c) to provide a means for documenting administrative transfers.

Accounting for Source and Special Nuclear Materials at Research Installations and for Reactor Fuel Elements. Continued effort was directed toward development of accounts and procedures in those areas to provide complete financial and cost information for management on the research and development work under the power demonstration reactor program and other programs; to account for and bill other Government agencies for the fabrication and utilization of reactor fuel elements, and to develop proper costs on the operation of AEC reactors generally located at research installations.

Measurement and Evaluation of Product Costs. A plan was developed for reporting comparisons of actual with target unit costs in the AEC Unit Product Cost Report, under which target unit costs are determined each quarter based upon estimated costs reflected in the current financial plans and scheduled production rates. Objectives of the plan are (1) to establish an improved basis for explaining variations in unit costs, and (2) to provide a better gauge for measuring contractors' cost performance.

Refinement of Unit Production Cost Data. The comparison of unit costs produced by the AEC production cost accounting system has resulted in studies by and meetings of the field offices and production contractors to analyze variations and to develop more uniformity in the unit costs of comparable products. The results of these and future studies and meetings will refine the unit costs and should contribute to the reduction and control of product costs.

Earlier Cost Reports. To obtain the maximum use of available funds, a plan was developed and put in operation for field installations to furnish consolidated information comparing actual and budgeted costs to the headquarters staff approximately one week earlier than this information was previously available. Under this plan consolidated cost information is now available to the headquarters staff on about the 17th of the month following the close of the reporting period. The Commission is now testing the feasibility of obtaining estimated costs for the current month at the same time actual costs for the preceding month are available.

Development of Uniform Accounts for Nuclear Power Plants. In cooperation with the Federal Power Commission and the Committee on Accounts and Statistics of the National Association of Railroad and Utility Commissioners, the agency continued the development of proposed additions to the Uniform System of Accounts for Electric Utilities providing accounts for nuclear power plants and in discussing other problems concerning the nuclear generation of power.

Effectiveness of Accounting Administration. Continuous effort has been devoted toward increasing the practical effectiveness of day-to-day administration of accounting activities. An example of the results being achieved in this regard lies in an instance in which a representative of the agency made an extensive investigation of the higher rates which AEC contractors were paying for workmen's compensation in one of the states as compared with other states. The matter was brought to the attention of the state's Bureau of Workmen's Compensation, and our representative worked with that organization. After conducting its own investigation, the Bureau confirmed that one large company had recorded and allocated payroll and claims for past years against Government cost-type contracts when they should have been applied to fixed-price Government and commercial work. As a result, the Bureau has certified refunds of approximately $375,000 to AEC contractors operating in the state, and it is estimated that other Government agencies will receive refunds of about $95,000. Additionally, this recalculation will result in lower rates to be charged in the future for all cost-type Government work in the state.

Internal Auditing. The Commission's internal audit program has been in operation for five years. The continuous review of the program to enhance its effectiveness has resulted in a number of improvements in the last several years, including a redistribution of audit responsibility between Headquarters and field office audit staffs. Currently, in the light of the results of past audits, which provided coverage of all business practice areas subject to annual audit examination, the program is being altered as to frequency and extent of coverage of the different functions to further enhance audit effectiveness by permitting greater selectivity and the placing of emphasis in areas most warranting current audit attention.

Budget. Numerous refinements were made in instructions for the preparation of budget estimates, resulting in both clarification and the elimination of unnecessary detail. In addition, the reporting system for transfer appropriations to other Federal agencies was modified to obtain additional information for better administration and control of appropriated funds.

DISTRICT OF COLUMBIA GOVERNMENT

The major accomplishments during the period include (1) an expansion of the use of mechanical equipment, (2) the completion of a major part of the real estate reassessment program, (3) the preparation and issuance of revised regulations for control of personal property, and (4) the development of plans and policies for implementing the District's accounting improvement program.

Expanded use of mechanical equipment. The machine accounting functions centralized in the Finance Office in fiscal year 1957 were expanded during fiscal year 1958 to include the mechanical preparation of billings for real estate assessments, corporate franchise taxes, and unincorporated business and professional licenses. The procedures for processing income tax returns were refined. Also, procedures were developed for the mechanization in 1959 of the processing and accounting for real estate assessments and business and professional licenses.

Real estate reassessment program. The real estate reassessment program undertaken in January 1956 to equalize real estate assessments and to bring them in line with current values was substantially completed by the end of fiscal year 1958. Preliminary estimates indicate that the annual revenues from real estate taxes will be increased by more than $4,000,000 commencing in fiscal year 1960.

Revised regulations for controlling personal property. A major revision of the personal property regulations was approved by the Board of Commissioners on June 5, 1958. The revised regulations establish uniform principles and standards and provide for accounting control over personal property.

Accounting improvement program. A comprehensive financial improvement plan providing for the development and adoption of an accrual type accounting system, for the development of cost-type budgets, for the synchronization of budget and accounting classifications with the organizational structure, and for a simplification of the allotment system was developed during fiscal year 1958. Tentative completion target dates were set for the various segments of the program and certain general policies were established for the accounting systems to be installed in the various departments and agencies. Also, a small accounting systems unit was established within the Accounting Division to assist in developing the revised accounting system and procedures.

During the year procedures were developed for recording expenditures for the 21 administrative-type departments and agencies on an accrued basis. Current plans provide for the systems staff to make surveys of the operations and existing accounts and records of about 20 departments and agencies. Some of these departments and agencies have rather complex operations necessitating the installation of integrated accounting and cost systems.

Plans were completed for reducing the number of allotments to a single allotment for each appropriation or fund in fiscal year 1959. This modification of the allotment procedure will result in the operating departments having a more flexible operation and in a simplification of the accounting for funds.

GENERAL SERVICES ADMINISTRATION

The financial management system of the General Services Administration has been operating on the accrual basis, utilizing synchronized budget and accounting classifications and a simplified allotment pattern. Several of the Administration's appropriation requests have been presented on a cost basis, with the others to be converted in future budgets. Improvements in the past fiscal year include the following major accomplishments:

Financial Management Improvement Program (FMIP) Procedure. A procedure was developed and issued to fulfill the objectives envisioned in Budget Bureau Bulletin 57-5 and the Joint Accounting Improvement Program. The principal features include (a) development of an annual FMIP by Regional Comptrollers and each central office division of the Comptroller's office covering their areas of responsibility, (b) standardized monthly progress reporting on each project in the annual programs, and (c) the production, as by-products of the system, of progress reports to GAO and BOB on financial management improvements.

Field Inspection Program. Inspection of all Regional Comptroller operations was completed during the year. There was a net reduction of 17 positions effected on a national basis as a result of these inspections. In addition, intangible benefits were derived through (a) the interchange of ideas, (b) clarification of central office procedures and policies, and (c) adoption on a nationwide basis of efficient procedures developed by individual regional offices.

Central Office Inspection Program. An inspection of each central office division of the Office of the Comptroller was made during the fiscal year. In each case, the inspection team leader was a Regional Comptroller. Recommendations varied widely from changes in procedures and staffing to reorganization of the division inspected. Follow-up on these recommendations has already resulted in a reduction of 11 man years in central office staff and reorganization of two divisions. Additional benefits will accrue as recommendations are implemented.

Recordkeeping Survey in Defense Materials Service. A survey of certain Defense Materials Service recordkeeping functions indicated that DMS clerical operations dealing with maintenance of auxiliary inventory records could be transferred to the Office of the Comptroller with a net saving of approximately 25 man-years and $100,000 annually. The survey report was approved by the Commissioner of DMS, and work has begun on revision of procedures to accomplish the transfer of functions.

Financial Reporting. Continued emphasis was placed on improvement of the financial reporting system to provide GSA top management and external agencies with more useful and timely reports. The most significant accomplishments during the year follow:

1. A comprehensive new reporting system was developed, covering the many strategic and critical materials programs of the Government (handled by Defense Materials Service). It includes an individual

"Commodity Digest Report" for each materials program (copper, machine tools, etc.). These reports give such information as U.S. and world production and consumption, uses of the material for defense purposes, stockpile objectives, inventories on hand and on order, and other related information dealing with strategic and critical materials. A highlight report and several quarterly and semiannual concise summaries are made to give the total picture on all raw materials programs. The system has been approved by GSA top officials, the Budget Bureau and the Office of Civil and Defense Mobilization. All June 30, 1958, reports are being developed using the new report forms.

In addition to the many benefits to management, there will be a savings of approximately $3,000 annually in printing costs, as well as reducing the amount of manpower previously required for development of many special one-time reports and analyses.

2. Installed a quarterly reporting system to point up amount tied up in both commercial and Federal receivables with the objective of returning to Treasury maximum possible sums and to permit most effective use of capital in the General Supply Fund.

3. A new series of "management-type" reports were developed for the Federal Supply Service. This series included revised "flash" report on purchase and sales, abbreviated financial statements, and improved reports on motor pool activities. All reports are on 8 x 10-1/2" paper and are timed to reach the Federal Supply Service shortly after the close of each month.

4. Further progress was made in the production of reports by machine methods. Three new EAM reports are now produced--(1) two reports covering the Public Buildings Service repair and improvement program, and (2) a nationwide status report on all non-Federal accounts receivable showing current and delinquent receivables, by debtor and location.

5. Whole dollar reporting was adopted and all reporting deadlines were reviewed to ease the burden on regional offices.

6. A new cost-allotment report was devised to answer management's need for a report which relates cost data on the accrual basis to the status of appropriations on an obligation basis. It is prepared mechanically, has eliminated three former reports, and reduced workload.

Accounting Mechanization Program. Mechanization of regional office accounting procedures was more than 60 percent complete as of the end of the fiscal year with most of the major areas converted in all regional offices. Examples of manual accounting operations which were converted during the year are: accounts receivable, mortgage account billing, furniture inventories, real property inventories, office accounting transactions, allotment and activity accounting, and registration of orders received by the Federal Supply Service under the General Supply Fund operation. Mechanization of payroll operations was completed in six regions and the development of a uniform payroll procedure is well under way.

To meet the needs of the Federal Supply Service, a uniform, fully integrated motor pool accounting and reporting system was developed and installed in all but one of the regional offices on July 1, 1958.

A new procedure was developed to measure EAM equipment utilization and to enable central and regional offices to "cost out" each individual machine application. This procedure also enables the central office to compare costs of each application in each region.

In addition to the foregoing, pilot operations were established in two regions for "mechanical editing" of agency orders against warehouse stock availability. Experience thus far indicates that success of these pilot tests will result in reduction of three man-years in the FSS staff in each regional office, offset by the addition of one card-punch operator in each Regional Comptroller's office; thus a net savings of approximately 20 man-years on a nationwide basis could be effected if the pilot tests prove successful. One region reported that, had the test not been in operation, FSS would have required several additional people to handle increased sales volume.

The mechanization of the General Supply Fund accounting and recordkeeping operations generally has resulted in improved stock status and replenishment data, more effective use of capital, substantial reductions in back orders and more efficient service to ordering agencies.

Electronic Data Processing Program. A 10-man task force, divided equally between the Comptroller's Office and the Federal Supply Service, was established to develop the framework of accounts and EDP procedures relating to inventory transactions. By June 30, 1958, the procedural phase of the study was 95 percent completed; the writing and flow charting of the system's specifications were near completion at that time; and a study of the present cost of operations was under way.

With respect to application of EDP methods to Defense Materials Service strategic and critical materials inventories, a preliminary review was completed which indicated the desirability of making a full-scale feasibility study. However, due to the shortage of funds and personnel, such a study has not yet been undertaken.

Budgetary Procedures. A comprehensive review was made of internal budgetary procedures with a view toward simplification of the budget process and reduction of paper work. Revised instructions were issued for use by operating officials.

Training. A training program was instituted to better acquaint operating officials at all levels with the cost accounting system and to explain how they could utilize its results to best advantage. As a part of this training program, a brochure on the accrued cost system was developed, used in the training sessions and circulated to interested officials in GSA and other agencies.

Each regional office developed its own training schedule and many sessions have been held. Operating officials have been pleased with the sessions and indicated generally that they now have a better knowledge of the budget and accounting system.

Recruitment of Trainees. The second half of fiscal year 1958 saw the first real advancement in our program to acquire suitable recruits for training under the terms of our formal training agreement with the Civil Service Commission. Two trainees are on board in the Credit and Finance Division; one in the Budget Division with a second pending appointment; and one pending appointment to the Accounting Division. Negotiations are being conducted with several other potential candidates.

We are encouraged with the uptrend in this program, designed to gradually strengthen the Comptroller organization by providing in an orderly manner for anticipated personnel replacement needs.

Audit. Continued emphasis was placed on further strengthening the GSA audit program. A publication entitled "The Audit Division Today" was issued to assist in orienting prospective audit personnel. To reduce total time spent in report preparation, a procedure was installed requiring audit supervisors to outline their ideas for the final audit reports prior to commencement of actual audit work.

A comprehensive review was made of audit reports covering contract audits performed over the past several years. The review pinpointed with respect to each report (a) financial provisions which have proved cumbersome or objectionable from the standpoint of contract administration or settlement, and (b) the specific deficiencies of these provisions.

It is planned to publish the results of this review in the form of a guide to contracting officials and other GSA staff engaged in the negotiation and administration of contracts.

Physical Inventory of Strategic Materials. This program, involving over $7 billion of inventories stored at 212 locations, continued on schedule. By the end of the year, inventory taking had been completed at 81 locations, 13 were in process, and 118 remained to be programed of which 64 are military depots. Negotiations were completed with the Department of Defense regarding plans and procedures for the taking of inventories at 64 military depots. Further, inventory-taking procedures have been under constant review and it is expected that improvements in these procedures will reduce the cost of this work.

Governmentwide financial management improvement program. The Panama Canal Company and Canal Zone Government accounting system has been on the accrual basis, following accepted practice for commercial corporations. This system, based on an activity account structure that synchronizes budget, accounting and organization classifications, has provided necessary data for the cost-based appropriation requests that have been used for several years. In fiscal year 1958, the Canal organization's Executive Regulation covering administrative control of apportioned funds was revised to permit the establishment of fund control through allotments at the highest practicable level. The revised regulation was approved by the Bureau of the Budget on May 1, 1958. The procedures for controlling the Canal organization's capital outlay programs and related funds were revised to facilitate the identification of project detailed costs with the budget program and to provide a ready means of evaluating actual performance. These changes in procedures are expected to result in improved work scheduling and performance.

Financial statements. The Comptroller General of the United States, for the first time since the 1951 reorganization, reported to the Congress that the financial statements of the Canal organization present fairly its financial position at June 30, 1957, and the results of operations for the fiscal year then ended in conformity with accounting principles and standards advocated by his office. The expression of an affirmative opinion was possible because of improvements in the accounting system, including the recording of adjustments to give effect to the value of the net assets transferred by the Panama Canal agency to the Company in 1951.

Change in plant depreciation policy. The Board of Directors, on April 12, 1958, approved a modification of the plant depreciation policy. The modified policy provides for depreciating fixed assets on a straight line group basis and for recording gains and losses on plant retirements as an item of operating income or expense. The policy also provides that the write-off of the cost of a fixed asset as an operating expense will be commenced only at the beginning of the fiscal year following the date of acquisition of the asset and will be continued until the end of the fiscal year in which the cost is fully written off or the asset is retired.

Internal audit improvements. The internal audit function was strengthened by the development of well-rounded auditing techniques. A revision of the internal audit manual was made to set forth essential information concerning the various operations of the Canal organization, and the internal auditing objectives, standards, and requirements. Audit programs for making comprehensive internal audits of the various bureaus and activities were prepared setting forth the specific objectives and procedures necessary to achieve the objectives. Permanent working paper files containing general background information concerning the various operations were prepared for use in future audits.

Accounting machine units consolidated. The Administrative Branch's machine tabulating section was transferred to the Office of the Comptroller on July 1, 1957, and consolidated with the machine accounting unit. The consolidation permitted a greater utilization of both equipment and personnel and resulted in the handling of a larger workload. An experience project planner was employed early in fiscal year 1959 for the purpose of improving the programing and attainment increased utilization of the machines.

Gorgas Hospital billing procedures improvements. A higher degree of accuracy in preparing bills for hospitalization and medical services furnished individuals and increased efficiency in the clerical work was attained during the fiscal year 1958 from the implementation of various recommendations for improving the billing procedures and from a closer supervision of the clerical work.

Work simplification. The use of flat rates for billing and cost distribution purposes by various divisions of the Canal organization resulted in a substantial reduction in the detailed cost accumulations, the related paper work, and the volume of accounting documents. Additional studies are being made to determine whether the increased use of flat rates can result in further economies.

VETERANS ADMINISTRATION

The current objectives and aims of the Joint Accounting Improvement Program, as well as the requirements of Public Law 863 and other financial management legislation, have been substantially met by the Veterans Administration, as indicated in prior reports. Therefore, reportable improvements during fiscal year 1958 are, for the most part, limited to refinements of the existing systems and practices relating to accounting, auditing, budgeting, funding, and reporting. The most significant achievements are summarized below.

Fund Accounting. Policies and procedures were changed to provide for conversion of allotment accounts to an accrued expenditure basis, effective July 1, 1958. The procedures also provided for the discontinuance of allotment accounts for expired (prior fiscal years) appropriation accounts.

Budgeting, accounting and reporting processes were simplified by the consolidation of two appropriations into a single appropriation for construction and repair work. A revised fiscal report for construction activities provides, on a single form, data previously submitted on three separate reports. A proposed merger of three insurance appropriations into a single appropriation was also approved, effective July 1, 1958.

An agency request for exemption of the VA Revolving Supply Fund from the apportionment process was approved by the Bureau of the Budget under the discretionary authority of section 3679 (f) (1) of the Revised Statutes.

Cost Accounting. Improvements and refinements in the area of cost accounting included the development of (1) a motor transportation cost analysis system, (2) a cost control system for VA operated laundries which encompasses cost features of the generally accepted accounting system used by commercial laundries, (3) a functional cost system for supply depot operations, and, (4) a revised cost system for Service and Reclamation Division operations at supply depots.

Reporting Practices. Improvements in reporting included (1) the installation of a uniform system of reports for top management use at field stations to provide for comparison of actual workload, employment, costs, and obligations with operating plans, (2) the establishment of a system to provide for the flow of information from Central Office to the field stations, and (3) the establishment of a program for the development and reporting of long range plans to the Administrator. When completely installed, this system will provide projections of plans for periods beyond 20 to 30 years, or to the expiration of the program if it occurs sooner. In addition, plans were well underway at the end of the year to construct a chart room equipped with facilities for screen projection and fixed wall panel charts. The purpose of the chart room is to augment the top management reporting system and facilitate briefings of the Administrator and staff officials.

Internal Audit. An internal audit program was established at field stations for the purpose of making complete audits of insurance accounts as policies mature by death, surrender or as endowments. In the medical program, arrangements were completed for the transfer of the audit and survey function of the Controller's representatives from Area Medical Offices to Central Office. This move was approved to enhance the value of such audits and surveys from the standpoint of both timeliness and quality.

Insurance Accounting. Improvements and refinements in the area of insurance activities included (1) mechanical posting of premium record cards for certain remittances, (2) testing and partial installation of new procedures for processing National Service Life Insurance premiums paid by deduction from service pay, (3) simplification of policy loan vouchering procedures, and (4) an improved method of reporting term insurance lapses.

Benefit Payment Accounting. Procedures were developed and published to microfilm and then destroy a large segment of the agency's inactive benefit payment award account cards. This will eliminate storage requirements for about 40 million 5 X 8 cards.

A mechanized benefit payment system, providing for the use of a punch card record of beneficiaries in payment status, was tested and approved for application at field stations where the volume of accounts warranted a mechanized procedure. During FY 1958 the system was extended to cover approximately 33 percent of the benefit payments made by the agency. It is anticipated that complete conversion to a punch card system by October 1959 will result in an annual savings of approximately $1.4 millions.

Mortgage Loan Accounting. Test procedures were developed for the maintenance of mortgage loan subsidiary accounts on punch cards in lieu of manually posted individual ledgers for each borrower. Preliminary evaluations of tests at two field stations indicate savings of approximately 30 percent in personnel requirements in addition to operating improvements.

Hospital Accounting. Various types of electrical accounting machines were installed at selected hospitals on a test basis. The equipment will permit mechanization of payroll, cost, general ledger, budget, etc., and will produce common input media for electronic computers.

Electronic Data Processing. Continued progress was made in the study of electronic and automatic data processing systems. Preliminary specifications were developed for payroll, fiscal management, supply management, and for medical activities in the areas of biometrics and medical administration. Insurance and benefit payment operations were partially programed in preparation for the anticipated delivery of equipment in fiscal years 1959 and 1960. Plans were developed for the installation of a medium scale computer in Central Office during the early part of fiscal year 1959 for the purpose of expediting report consolidation.

OTHER AGENCIES

Airways Modernization Board

The Airways Modernization Board was established by the Act of August 14, 1957 (Public Law 85-133; 71 Stat. 349), and funds were made available for its use in November 1957. The major initial effort was devoted to staffing the organization, developing an adequate budget and supporting activity structure, and administrative procedures for the control of appropriated funds. Pending completion of its own organization, the accounting was performed on an accommodation basis by the Civil Aeronautics Administration, Department of Commerce.

The Board assumed responsibility for the accounting effort on May 1, 1958. The necessary internal procedures to adequately account for funds and to make necessary payments to contractors, vendors and others were initially developed on a cash and obligation basis.

Accrual Accounting. In consultation with representatives of the General Accounting Office and the Bureau of the Budget, a program was developed to expand the accounting and financial reporting system of the Board. The conversion of the present single-entry fund accounting system to a double-entry system of general ledger accounts will, while retaining the basic elements of the present system of controlling funds, place more emphasis on integrating on an accrual basis the assets, liabilities, and applied costs of the Board into an over-all general and fund accounting structure, including provision for monetary property accounting. The accounting and related financial management functions applicable to operation of the National Aviation Facilities Experimental Center at Atlantic City, New Jersey, being activated as of July 1, 1958, will be decentralized as a part of the accounting development program and thereafter controlled through the use of reciprocal interoffice accounts for allotments and net investment in accordance with the branch office principle of accounting. The program is now in progress with a target date for completion, exclusive of the manualization of the system and procedures, of October 1, 1958. Progress toward meeting other objectives of the Joint Accounting Improvement Program are set forth below.

Synchronized Classifications. The system initially established, as well as that now under development, provides for complete synchronization with organizational and activity structure of classifications for programing, budgeting and accounting. The system used enables the development of (a) information for classification of the sources of amounts available and categories of balances needed for budget purposes, and (b) information for the uniform classification, in appropriate detail, of transactions for internal accounting and program reporting purposes.

Simplified Allotments. Under the simplified allotment system adopted by the Board, allotments are made at the highest practicable levels consistent with the requirements of establishing and maintaining management responsibility for the control of obligations. The Board receives all its funds from one appropriation under which only three allotments will be issued.

Other Objectives. Under legislation enacted on August 25, 1958, the Airways Modernization Board is to be absorbed into the newly created Federal Aviation Agency. Formulation by the new agency of its financial management program undoubtedly will require the development of new accounting and budgeting practices and procedures to accommodate its combined operations. Other objectives of the Joint Accounting Improvement Program are therefore matters which will be the subject of later review and integration with the overall program of the successor agency. Specifically, these include (1) the strengthening of the financial management staff, (2) the establishment of an adequate internal audit program, (3) the institution of cost-based budgeting, and (4) the formulation of an adequate reporting system which facilitates and encourages utilization of modern management tools to effect maximum operating efficiency and economy.

American Battle Monuments Commission

In cooperation with the General Accounting Office a survey was made of the budget, accounting and financial management operations of the Commission to determine revisions necessary to more fully comply with the objectives of Public Law 863, 84th Congress. The survey resulted in designing a completely revised decentralized system using the branch office technique to maintain field office accountability and providing for consolidation of financial reports of the Paris, Rome and Manila offices at the Central Office, thereby eliminating duplicate recording of field office accounting transactions by the Central Office.

The system, to be installed January 1, 1959, will provide for maintaining the accounts primarily on a cash basis with procedures for periodically converting to an accrual basis by the inventory method.

The accounting manual covering this revised system has been completed and will be submitted to the Comptroller General for approval.

Bureau of the Budget

Improvements during fiscal year 1958 were directed generally to minor refinement and extension of the techniques and methods employed under the Bureau's existing accounting system, approved by the Comptroller General on April 9, 1955, to accommodate an accrual basis of accounting, including recognition in the accounts of the liability for accrued annual leave. However, since the change in inventories and the accrued annual leave liability is not significant, these items will not be considered in adjusting from an obligation to a cost basis in the Bureau's submission of its cost-based budget planned for the 1960 appropriation request.

Civil Service Commission

Cost-Based Budget. The Civil Service Commission's annual budget for the fiscal year 1959 was presented on a cost-type basis for all of its appropriations and funds, utilizing data developed under the accrual accounting concept.

Work Reporting and Cost Analysis System. The Comptroller General approved on March 5, 1958, the Commission's Work Reporting and Cost Analysis System on which work was completed last year. This system provides a means of relating work performed and manpower used, to improve work planning and scheduling. It is the backbone of the Commission's cost distribution and budgeting operations, and is integrated with the general accounting system.

Retirement Accounting. The revised system of procedures for internal use in accounting for financial transactions of the Civil Service Retirement and Disability Fund, developed in manual form and submitted informally to the General Accounting Office last year, has been returned with suggestions for certain revisions. These suggestions are currently receiving consideration. The manual is expected to be submitted formally to the General Accounting Office for its final approval by January 1, 1959.

Life Insurance Accounting. Revision of the initial procedures established at the outset of the program for internal use in accounting for the Employees' Life Insurance Fund was completed. A draft of the system in manual form, including principles and standards, chart of accounts, collection procedures, machine accounting, and reporting, was submitted to the General Accounting Office for advance review and comment prior to submission for formal approval.

Internal Audit. The Commission now has in operation an expanded internal audit program which provides for a systematic periodic management review of all central office and field organizational units. To date, eight organizational units have been reviewed and several others are in progress.

The primary objective of the internal audit is to provide the Chairman, the Commission and the Executive Director with an independent, objective and constructive appraisal of the manner in which the financial and operating responsibilities of the various organizational units are being performed.

The principal areas in which recommendations are receiving attention of top management are (1) quality controls over work being performed,

(2) operating policies, (3) coordination of efforts between organizational units, and (4) utilization of personnel.

Federal Coal Mine Safety Board of Review

Studies were made in cooperation with General Accounting Office with a view to improving budgetary, accounting, and reporting methods and procedures. As an initial result, certain fiscal accounts and procedures have been revised.

Budgetary accounts maintained in the general ledger have been reduced to a minimum by the establishment of a single appropriation control account and a deposit fund liability account. Cost distribution registers have been established for use in conjunction with the files of unpaid obligations (with the use of an obligation register only when necessary as a part of a prevalidation procedure to avoid overobligation) to periodically determine the amounts of obligations, expenditures, and accrued liabilities for goods and services received but not paid for.

New forms of fiscal reports for management are being developed to show information on an accrual basis.

Federal Communications Commission

Accounting procedures for the handling of transactions in the International Telecommunications Settlements Division, developed during the previous year, were approved by the Comptroller General on November 15, 1957.

Also, the revision of the chart and description of the general ledger accounts of the Commission has been completed: An accounting manual describing the Commission's accounting system, revised to include accounting for transactions of the ITSD on an integrated basis and to provide appropriate accrual information in support of cost-based budgets and adequate property accounting, was developed and submitted to the Comptroller General for approval. On the basis of these developments, the appropriation request for fiscal year 1960 was submitted on a cost basis.

Federal Mediation and Conciliation Service

In cooperation with the General Accounting Office, a survey was made of the budget and accounting practices. In accordance with the resulting recommendations, general ledger accounts have been revised to permit the periodic development of cost-type information and preparation of cost-based budgets. Cost distribution registers have been established for use in conjunction with the files of unpaid obligations. An obligation register will be used as necessary to prevent overobligation of funds. The periodic inventory method of converting the accounts from a cash basis to an accrual basis has been adopted to provide cost-type information for management and for reporting purposes.

Completion of the revisions of the fiscal structure and procedures of the Service awaits development of an accounting and financial management manual to be submitted to the Comptroller General as the basis for approval of the revised accounting system.

Federal Power Commission

Although the accounting system for the Commission is maintained primarily on a cash and obligation basis, property has been accounted for on an accrual basis since 1947. Also, as of June 30, 1958, the Commission initiated procedures which provide for periodic conversion to an accrual basis, which will support a cost-based budget.

In line with the agency's plans for financial management improvement, allotments were reduced approximately 50 percent. This leaves 16 allotments for personal services and travel which parallel the organization, and a single allotment for all other objects. The subactivity classifications also have been reduced to 20. A cost-finding system is in use to develop the information for the budget activities under the existing organization.

Federal Trade Commission

The accrual cost concept will be used by the Commission as the basis for its budgeting and accounting systems. General ledger accounts have been established to permit the preparation of financial reports on an accrual basis and the production of cost-based budgets.

An accounting manual, setting forth the accounting principles, standards, procedures, and practices for the Commission, and including a chart and description of general ledger and subsidiary accounts, and a description of financial reports to be produced, was completed during the fiscal year and approved by the Comptroller General on August 26, 1958.

Interstate Commerce Commission

During the year, the mechanization of the payroll system was completed. The accounting system approved by the Comptroller General on February 27, 1957, provides accrual information on a conversion basis at the end of each month, and the Commission, in accordance with Bureau of the Budget Circular A-11, is preparing sample cost-based budget statements for 1960. Also, a procedural manual for property accounting was prepared, and an inventory, classifying and numbering on EAM punched cards all capitalized items in the departmental service, was completed. The Commission anticipates that the mechanization of the property accounting system will be fully implemented by June 30, 1959.

Library of Congress

In the interest of improved financial management, the Librarian of Congress issued a General Order on March 11, 1958, to reorganize the fiscal functions of the Library. The order established the Chief of Fiscal Services with line authority over all fiscal activities and provided for the complete coordination of budgeting, accounting, disbursing, and financial reporting and for the integration of certain accounting activities formerly maintained in several functional units in the administrative area.

An internal auditing function was established directly under the Chief Assistant Librarian. In the conduct of the audit program, emphasis is being placed on improving financial management. An audit of the Card Division (which is responsible for the publication and sale of catalog cards, catalogs in book form, and related publications) was completed, and a number of procedural improvements were put into effect in the Division. Additional audits were started in the Copyright Office and the Division for the Blind.

National Capital Planning Commission

Budget and accounting procedures and practices of the Commission were reviewed, with assistance from the General Accounting Office. The accounting system was revised in accordance with recommendations resulting from this survey. The new system, which became effective January 1, 1958, incorporates monetary property accounts, and general ledger accounts currently maintained on a cash and obligation basis, with provision for regularly converting from the obligation to the accrual basis by use of the periodic inventory method of conversion. Procedures were established for submitting the 1960 budget request on a cost basis, and for the preparation of reports with cost-type information, where required. A manual of operations was prepared for the new accounting system which was approved by the Comptroller General on March 28, 1958.

National Gallery of Art

The Gallery has adopted the accrued cost concept as the basis of its budgeting and accounting systems. General ledger accounts have been revised to permit the preparation of financial reports on an accrual basis and the production of cost-based budgets.

An accounting manual, setting forth the accounting principles, standards, procedures, and practices for the Gallery, and including a chart and description of general ledger and subsidiary accounts, and a description of financial reports to be produced, was completed in fiscal year 1958 and submitted to the Comptroller General for approval.

Five major or subactivities formerly carried in the budget presentation were consolidated into a single activity for the Gallery's appropriation, simplifying both the accounting procedures and the preparation of budget estimates.

Allotment accounting has been simplified by reducing the number of allotments from 13 to 3 (personal services, travel, and all other objects).

The elimination of monthly entries to the stores account for the receipts and issues of supplies and materials, and the substitution therefor of an annual adjustment of the account based on a physical inventory, will reduce the property accounting workload without affecting the management of such property.

National Mediation Board

With assistance from the General Accounting Office, a revised accounting system was developed for the Board providing for accrual accounting, on a periodic conversion basis to support cost-based budgets, with accounting classifications synchronized with activity and organization structure on a consistent basis for programing, budgeting, accounting, and reporting. General ledger control over fixed assets is provided centrally, with one set of supporting subsidiary records at each location.

The use of detailed allotments was discontinued. A single appropriations control account is maintained in the General Ledger, supported by subsidiary cost distribution registers. These registers are also used by management to control appropriation limitations on amounts authorized for specific purposes. This is in contrast to the previous practice of making allotments for each object classification of expenditure.

Based on a manual submitted, the accounting system was approved by the Comptroller General on July 1, 1958.

National Science Foundation

Accrual Accounting. The Foundation's accounting system will permit conversion to an accrual basis of accounting with a minimum of change. As preparatory steps, revised cost accounts have been established for minor activity segments and the necessary general ledger accounts are being developed. Most of the Foundation's appropriation expenditures are made under grant authority, and the Foundation considers that actual disbursements are the appropriate basis for showing applied costs in the accounts. Procedures for monetary property accounting have been developed, and a statement of policy concerning responsibility for property accountability of both the Foundation and its contractors or grantees is being prepared. Full implementation of the accrual basis of accounting by June 30, 1959, is expected to provide the basis for conversion to cost-based budgeting, some of the internal procedures for which have been developed.

Other Improvements. Other improvements include a revision of fiscal procedures and reports to provide more current information for use of the operating activities and for management. Accounting classifications were made consistent for budgeting and accounting and synchronized with the organizational structure. Card files were established to provide data on the amounts payable under each grant or contract. The payroll structure was realigned to conform to accounting classifications. Also, the functions and responsibilities of organizational units were revised to eliminate duplication of work.

Office of Civil and Defense Mobilization

General. Under Reorganization Plan No. 1 of 1958, the Federal Civil Defense Administration and the Office of Defense Mobilization were consolidated, effective July 1, 1958, into the Office of Civil and Defense Mobilization. Fiscal accounts of the former agencies were integrated as of the close of business June 30, 1958, into one accounting system.

Accounts maintained on a cash basis were adjusted to an accrual basis as of June 30, 1958, by using the periodic inventory method of conversion. This provides a cost basis for estimating budget programs for ensuing fiscal years; however, the appropriation requests for the fiscal year 1960 are prepared on an obligational basis.

Accountability controls for property are established in the general ledger, supported by subsidiary detail records for equipment. Supplies are maintained in cupboard stocks only, and purchases are charged to expense.

Budget programs compatible with the organizational pattern were developed. Accounting classifications are being revised to get better measurement of performance by program and organization and to synchronize classifications for budgeting, programing, and accounting.

An internal audit program has been established, and an audit manual is being prepared for distribution to the agency's regional auditors.

Survival Program. Procedures have been initiated to provide for a quarterly determination of expenditures of a contractor against the total contract, for use in preparation of cost-type statements. Contracts will have to be amended in some cases to provide such data.

Contributions and Procurement Programs. Refinements were made in the coding pattern for the Contributions Program to provide clearer EAM information and eliminate discrepancies in program designations and nomenclature of items purchased.

Stockpiling Program. Physical inventories are being taken on a cycle basis and reconciled with the EAM detail perpetual inventory records and the inventory control account maintained in the general ledger.

Natural Disaster. Regulations have been published and procedures established to administer relief under the act of September 30, 1950, and related Executive Order No. 10427, as amended by Executive Order No. 10737, dated October 29, 1957 (42 U.S.C. 1855 and 1855d, Note). Procedures for reimbursement of other participating Federal agencies have been drafted and submitted to the Bureau of the Budget for approval. State and local civil defense organizations have been provided with a manual of accounting and administrative procedures.

Railroad Retirement Board

During the year the Board made some additional improvements in its financial management operations which further advanced its objective toward meeting the basic concepts of the Joint Accounting Improvement Program.

Accrual Accounting and Cost-Based Budgeting. Procedures were placed in effect, for administrative expenses, for recording in formal accounts accruals at year-end from analyses of outstanding obligations and receiving reports. Accounting for property has been on an accrual basis since July 1948.

Cost-based budgets can now be supported by accrual accounting. The Board has used a work measurement system for a number of years to reflect productivity and unit costs for the different areas of operation.

Synchronized Classifications and Simplified Allotments. Some changes have been made in the 1960 budget schedules to reflect a greater synchronization between activity classifications and the accounts and organizational structure of the Board and further changes will be made as they become feasible.

The number of active allotment accounts have been reduced approximately 60 percent in the past two years. Currently the allotment pattern basically provides one allotment of funds for each of 24 organizational units.

Electronic Data Processing. Arrangements are under way for the installation of an intermediate-scale electronic system. Comprehensive feasibility studies were recently completed which indicate that the installation will produce annual savings of not less than $100,000.

Major application of the equipment relates to the maintenance on magnetic tape of individual records of service and compensation data for railroad employees. The Board's present punched card file consists of more than 10,000,000 accounts and involves the annual updating of approximately 1,500,000 of the accounts. The electronic data processing system will also be used in the certification of service and compensation records for benefit claims, computation of the amounts of benefits, and compilation of statistical data pertaining to the railroad retirement system.

Improvements in Compensation Recordkeeping. Simultaneous summary punch devices have been installed on electric accounting machines and a faster, more flexible punched card interpreter has been introduced in the processing and recording of service months and compensation reported for railroad employees. The new punch devices produce summary cards much more quickly than they could be produced under former methods. The new interpreter has a 60 percent greater production rate.

Use of the simultaneous summary punch devices and of the new interpreter during year-end wage processing operations this year resulted in savings of more than $6,000 and made possible the distribution of annual statements of earnings to railroad employees two weeks sooner than in the previous year.

Mechanization of Contributions, Taxes and Compensation Reconciliation. The Board reconciles compensation reported to the Internal Revenue Service for railroad retirement tax purposes and compensation reported to the Board for railroad unemployment insurance contribution purposes with compensation reported to the Board as creditable to individual railroad employees under the Railroad Retirement and Railroad Unemployment Insurance Acts. Any differences in the compensation reported are resolved with the reporting employers.

This reconciliation which formerly was done manually has been mechanized. The punched cards used in the mechanical reconciliation also are being used in other operations. Among others, these include mechanical verification that reports of tax payments are received, that contributions are received, that contribution collections are properly recorded in general ledger accounts, and that tax and contribution payments are properly computed.

The mechanized reconciliation reduces the clerical time required and produces a more orderly record of reconciliation data. Increased efficiency and savings also result from the use for other purposes of the punched cards prepared for the reconciliation.

Mechanical Verification of Benefit Payment Terminations. The Board has converted from a manual to a mechanical process its review of approximately 100,000 terminations annually of monthly benefits to insure that no payments were made after entitlement ceased.

Formerly, all termination cases were reviewed manually to see that recovery had been made of all checks issued after entitlement ceased. Under the mechanical procedure, punched cards are reproduced from checks canceled by the Board's disbursements division. These cards are collated with statistical cards of the office of director of research to disclose cases where checks are outstanding which are not due. These are then handled mechanically.

The mechanical collation clears most cases without the need for any manual pulling and review of case files to ascertain that benefit payments have been properly terminated. This saves the handling of several thousand case files every month.

Improved Accounts Receivable Procedures. Procedures have been strengthened by placing accounts receivable transactions under the Railroad Retirement Act under immediate general ledger control. General ledger control balances are reconciled periodically with the detailed file maintained on punch cards.

Quality Control Program. A quality control program has been substituted for review and audit work formerly performed in handling unemployment, sickness, and maternity claims under the Railroad Unemployment Insurance Act.

The program consists of selecting and inspecting an adequate number of work units, charting the inspection findings to show graphically their significance, and developing ways to prevent recurrence of work defects.

Savings resulted in that only 511 man years were required in 1958 to handle a workload comparable to one that required 568 man years in 1955. Similar savings although on a smaller scale resulted from the use of quality control in other operations.

Internal Audit Program. Administrative inspections have been instituted within each bureau and office of the Board to strengthen its internal audit program. Bureaus and offices inspect their work on a regularly scheduled sampling basis. Records are kept as to the scope and results of the administrative inspections. These are reviewed and, as appropriate, test checked by the Board's internal audit staff.

Use of Gummed Labels in Heading Up Claims Material. As retirement applications are received information is extracted for control purposes. Gummed labels are prepared in multiple copies in the process of extracting the control information. The labels are affixed to control cards and to various forms and form letters. They provide verified identification information for forms and letters on which necessary additional entries are made in longhand.

Use of the labels eliminated typing and proofreading of clearance forms and award letters formerly required at the time awards are made. This not only saved clerical time in the vouchering and payment process but since it eliminated routing and scheduling for typing and proofreading work it also reduced the time formerly required to make benefit payments. The process is applicable in the handling of more than 40,000 cases annually.

Renegotiation Board

The Board's accounting system was revised during the year to accommodate the accrual accounting concept, including adequate monetary property accounting records as an integral part of the system, and to produce cost-type information for management use by program, activity and organizational unit. While the day-to-day maintenance of the accounts will be primarily on a cash basis, the system provides for the periodic inventory method of converting to an accrual basis. Under the simplified allotment structure, allotment advices, which previously were issued in a fixed amount for each object class, are now issued under only two main headings (Personal Services and All Other) with a suggested, but not mandatory, budgetary breakdown to assist the regions in staying within their allotments. Costs by program, activity and organizational units, and by object of expenditure, will be produced by cost distribution registers maintained below the allotment level.

An accounting manual, setting forth the accounting principles, standards and procedures of the Board, including a chart of accounts and a description of the financial reports to be produced, was completed during the year and submitted to the Comptroller General for approval.

Saint Lawrence Seaway Development Corporation

Fiscal year 1958 was noteworthy for the Saint Lawrence Seaway Development Corporation because it marked the substantial completion of Seaway construction. The headquarters of the Corporation was transferred from

Washington, D.C., to Massena, New York, before June 30, 1958. The Seaway opened to 14-foot navigation on July 4, 1958.

With the starting of Seaway operations, payrolls of the Corporation were expanded substantially by the addition of lock operating and maintenance personnel. Concurrently, the scope and volume of accounting activities were increased and internal budgets were developed by organizational units.

The books of original entry, general and subsidiary ledgers, and payroll records were converted from a manual to a mechanized basis on July 1, 1958. The chart of accounts was expanded to provide operating expense classifications, and the payroll system was revised and simplified by providing simultaneous machine postings of certain payroll information to both disbursement and employee's earnings records.

Securities and Exchange Commission

The Commission's accounting system, which includes property accounting, continues to be maintained primarily on a cash basis. However, the periodic inventory method of converting the accounts from the cash basis to an accrual basis will be adopted to provide cost-type information for reporting purposes and for use in preparing the annual budget estimates. It is anticipated that these will be presented on a cost-basis for fiscal year 1961. While monthly adjustments are made for costs of personal services, expenditures for supplies will be adjusted annually, based on the physical inventory method of determining such expense.

Accounting classifications were made consistent for budgeting and accounting purposes, as provided in the Commission's budget manual effective July 1957, and synchronized with the organizational structure. Allotment ledger accounts were reduced from 37 to 17 with adoption of the use of the approved operating financial program as the basis for the quarterly apportionments and allotments.

Small Business Administration

Accrual Accounting. The Administration's accounting system, developed during fiscal years 1954 and 1955, makes adequate provision for reflection in the accounts of all major income and expense items relating to the revolving funds, which finance the two Business and Disaster Loan Programs, on an accrual basis, including monetary property accounting and provision for losses on loans.

Salaries and expenses are financed by direct appropriation for certain activities of the Administration and by authorized transfers in specified amounts on an obligation basis from two revolving funds for administrative expenses of activities financed by such revolving funds. Personal services, comprising some 85 percent of the totals, are recorded on a true cost basis, while expenditures for administrative property are recorded daily on a cash basis, with monthly conversion to an accrual basis to facilitate reconciliation of inventory records. Administrative supplies are purchased in cupboard-stock lots and expensed since the stock on hand at any one time is not significant.

With the accrual procedures now in effect, the accounting system can support cost-based budget presentations. In accordance with the requirements of Budget Circular A-11, sample cost-type budget schedules for one of the funds were prepared for the 1960 budget in addition to the conventional statements which will be printed in the formal budget document.

Further Simplification of Allotment Procedures. SBA's system of control over allotments of administrative expense funds to its Washington and regional office directors was further simplified during fiscal year 1958, and will become effective in 1959. Paper work will be reduced and office directors will be allowed greater flexibility in administering funds. The major changes are: (1) To provide the allotments for all four quarters at the beginning of the year, (2) To authorize office directors to carry unobligated allotment balances forward from quarter to quarter, and (3) To control administrative expenses at each office through a single allotment account.

Installation of Tabulating and Electronic Computing Equipment. As the result of an extensive survey made in 1957 with a view toward attaining a more efficient accounting and statistical operation, the Administration concluded that an electronic computer would best serve the agency's needs. An electronic computer, together with auxiliary equipment, was installed at Washington, D.C., in the latter part of fiscal year 1958, enabling SBA to close its three area fiscal offices and centralize bookkeeping for its 14,000 loan accounts. The outstanding advantage of the electronic computer is that it automatically computes interest to the date of collection and updates loan balances and due dates in one operation. With additional planned programing and correction of the difficulties typically encountered during the early period of installation the new system will provide improved and more timely financial and statistical information to management in keeping with the rapid expansion of the agency's programs.

Computation of Participation Fees on Bank Serviced Participation Loans. The reporting of transactions on immediate and deferred participation loans serviced by banks was improved and simplified. Revised forms were printed in three part carbon interleaved format which facilitates their preparation by the banks. Revised procedures provide for banks to report transactions to SBA quarterly. Participation fees are computed and billings prepared on SBA's electronic computing and tabulating equipment.

Heretofore, banks were responsible for the computation of deferred participation fees due SBA. This practice resulted in considerable correspondence with banks in an effort to clear up errors in the computation of fees.

Subversive Activities Control Board

Studies have been undertaken during fiscal year 1958 with a view to improving budgetary, accounting, and reporting methods and procedures. These studies have resulted in the formulation of a supporting system of accounts and procedures, based on the accounting principles for appropriated funds as outlined in the GAO Manual, that provide a greater degree of integration of all activities related to the accounting records. An accounting manual has been drafted and informally submitted to the General Accounting Office for review and suggestions preparatory to its submission to the Comptroller General for approval.

The system provides for the elimination of budgetary accounts in the general ledger, and in lieu thereof the establishment of one appropriation control account; and the establishment in the general ledger, as contra account to the several deposit funds, a single deposit fund liability account.

The technique employed in the use of the appropriation control account places emphasis on the use of cost distribution registers for each appropriation or fund and the files of unpaid obligation documents. Except for the accumulation of monthly totals, an obligation register is maintained only when necessary as a part of a prevalidation procedure to avoid overobligation of funds.

New forms for financial reporting to internal management have been developed, and certain reports heretofore in use have been either revised or eliminated. The revised forms provide for developing financial data on both net expenditure and accrued cost basis, and show all basic information necessary for both internal and external reporting.

Tax Court of the United States

The agency has revised its accounting system to provide accrual information on a periodic conversion basis. The general ledger has been revised and accounts established for recording accounts payable and accrued annual leave. Cost-based budgets will be produced.

An accounting manual describing the system was submitted to the Comptroller General and was approved by him on July 24, 1958.

United States Information Agency

Accrual Accounting. Under its plans for financial management improvement, the Agency developed and began installation on July 1, 1958, of a uniform mechanized tape-to-card processing system for all of its domestic allotment and cost distribution operations, with a target completion date of January 1, 1959. The system includes columnar provision for accrued expenditure information as an integral part of the mechanized recording process.

The development of accrual data is being planned in selected areas on an actual receipt of goods basis, where appropriate, and in other areas on a periodic conversion basis, starting at the end of fiscal year 1959 or at the beginning of fiscal year 1960.

Mechanized Controls. The Agency completely revised and mechanized its procedures for planning, pricing, and controlling funds for regular Foreign Service home leave and transfer travel, enabling better planning and control of funds through continual performance readings against planned trips and expenditures. Savings are anticipated by greater ability to control this extremely active and complex area on a more timely basis.

Financial Reporting. Financial reporting under the IMG Program, which guarantees exporters of informational media conversion of foreign currency receipts to U.S. dollars, was simplified and revised to reflect revaluation of foreign currencies to current market value. In addition, new accounts were established in the general ledger to cover foreign currency transfers to other Government agencies.

Other Improvements. Other improvements effected during the year included (1) refinement of accounting and administrative procedures for the handling of overseas travel advances that relieved problems created by time and distance factors, (2) development and placing in operation of accounting procedures for the Agency's radio relay base at Honolulu, and (3) a cost record and analysis system for the Washington reproduction plant operated by the Press and Publications Service of the Agency was developed and placed in trial operation, which should enable the Agency to determine the reproduction cost of each unit produced by any process in the plant. The primary purposes of the system are to assure the most effective planning and use of available resources, including manpower, and to develop data for budget support.

U.S. Tariff Commission

Revisions were made in the accounting system to provide for periodic conversion of the accounts from the day-to-day cash and obligation basis to an accrued expenditure basis and related determinations of the totals of obligations incurred as between matured obligations (accounts payable) and unliquidated obligations (undelivered orders). Cost-type information is thereby made available for management and reporting purposes, and will facilitate the preparation of cost-based budgets.

Obligations are controlled on the basis of the quarterly apportionments, and accounts are maintained by object classification.

Property accounting is being simplified by the grouping of individual equipment inventory records to include like items on a single inventory card showing average cost value.

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CA - 59-138

August 6, 1959

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, August 7, 1959

1.	Fund-Raising Within the Federal Establishment -- Review of Procedures With Respect to Privacy of Donations	CP - 56-47/1 (RA - 58-117, Item C)	Miss Bertha Adkins, Chairman, President's Committee on Fund-Raising Within the Federal Service (See Tab 1)
2.	International Balance of Payments	(Oral)	Secretary Anderson

EXECUTIVE SESSION:

3.	Remarks on His Russian-Polish Trip	(Oral)	The Vice President

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

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MINUTES OF CABINET MEETING

August 7, 1959
9:00 a.m. -- 11:15 a. m.

The following were present:

President Eisenhower - in part

Vice President Nixon

Sec. Herter
Sec. Anderson
Sec. McElroy
Mr. Rogers
Mr. Summerfield
Sec. Seaton
Sec. Benson
Sec. Mueller
Sec. Mitchell
Sec. Flemming

Director Stans, BoB
Gov. Hoegh
Amb. Lodge

Dr. Saulnier, CEA
Sen. Thruston Morton, RNC
Under Sec. Dillon, State
Mr. Dulles, CIA
Mr. McCone, AEC
Mr. Julian Baird, Treasury
Mr. T. Graydon Upton, Treasury
Mr. Phil Schaffnier, Treasury
Mr. Wm. McC. Martin, National Advisory Council on International Monetary and Financial Problems
Mr. Sam Waugh, Export-Import Bank
Mr. James Riddleberger, ICA
Bertha Adkins, President's Committee on Fund Raising Within the Federal Services
Mr. Elliott Nefflen

Gen. Persons
Mr. Robert Gray
Mr. Gordon Gray
Major Eisenhower
Dr. Paarlberg
Mr. Morgan
Mr. Kendall
Mr. Merriam
Mr. Harr
Mr. Patterson
Mr. Minnich

(Official pictures of the Cabinet were taken at the beginning of the meeting. A number of the President's staff and several non-Cabinet agency heads figured in some of the photographs.)

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Federal Fund Raising Procedures - Miss Adkins, Chairman of the President's Committee on Fund Raising within the federal establishment, reported on the recent review of current practices. She stated that the report, which reaffirms the federal policy, had the unanimous support and approval of beneficiary groups, government employee groups, and other interested parties. The report recognized that the envelope system has been subject to some abuse. Consequently, the Committee was recommending that there be no requirement for distributing envelopes with solicitation cards, but that each contributor be informed of his right to maintain the privacy of his action, if he so wished, by making his return in a sealed envelope which he himself would provide.

Sec. Benson ascertained that the employee would continue to receive a memorandum giving information about the drive and also a pledge card with which he could specify beneficiary.

The President approved the recommended action.

Internal Balance of Payments - Sec. Anderson made it clear that no decisions were being sought at this meeting, but that it seemed desirable to keep the Cabinet informed of this very sensitive problem. He thought that study of the problem ought to be continued on a very high level of government until any necessary decisions were made.

Sec. Anderson then reviewed the situation generally, stressing that the dollar gap no longer exists with regard to the industrial countries of Western Europe and that for the underdeveloped countries, it is a capital gap rather than a dollar gap, meaning that British pounds or German marks, etc., will serve equally well as dollars. Mr. Anderson reviewed the situation of foreign holdings of United States dollars in much the same terms as at the Cabinet presentation some months earlier. He stated that the gold outflow had not been large in the first quarter this year but that it had increased somewhat in the second quarter.

Mr. Anderson pointed out that the balance of trade does remain in our favor by a slight margin but that other outgoing payments, such as United States troop support, tourist expenditures, private investment overseas, and utilization of P. L. 480 payments, produce a deficit for us in the balance of payments.

He noted that foreign countries do most of their financing in short term loans, whereas much of our lending is long term.

Sec. Anderson asserted that we have reached the point where it is necessary to re-examine the kinds of things we are doing, including the problems we generate for ourselves. He thought that export increases as large as could reasonably be hoped for would still be insufficient to solve the problem. He felt that our allies must share more and on a longer term in providing capital to underdeveloped

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countries, and we need to bring about a change in their point of view. Also, it is important that the other free nations of the world liberalize many of their policies toward the United States, such as quotas against American automobiles, high tariffs, etc.

Mr. Upton then presented a series of charts giving the statistical backup for Sec. Anderson's presentation.

Sec. Anderson then summarized three areas of possible action: (1) other countries should eliminate quotas and reduce tariffs on American goods, they should bear a larger share of military costs, and they should have a larger part in helping underdeveloped countries; (2) private business in the United States should be encouraged to develop a new state of mind toward increasing exports of American goods and being competitive with overseas rivals, also the activity of the Export-Import Bank should be increased; (3) the federal government must maintain its will and capacity to control inflation and insure that other countries know this, it should re-examine its military expenditures overseas, and it should make a rigid review of Development Loan Fund activities, including attention to insuring that government loans are utilized in such a way as to increase procurement from the United States; similarly, P. L. 480 sales need to be re-examined. Mr. Anderson noted in passing that the practices of U. S. industries in establishing overseas factories have resulted in some lack of concern with tailoring U. S. production for overseas markets.

Sec. Herter and the President ascertained that the P. L. 480 problem appeared primarily in terms of barter arrangements which sometimes replace purchases from the United States -- often involving a third country in the transaction.

Sec. Anderson then stressed the importance of the September meeting of the International Bank and the International Monetary Fund, when foreign officials will be observing United States policy and statements closely.

Sec. Anderson urged that study of the problem be continued through the mechanism of the National Advisory Council on International Monetary and Financial Affairs, with other interested officials to be included on an ad hoc basis. The major conclusions and recommendations when necessary would be brought to the President for approval.

The President recalled how the United States had tried to grant funds without attaching strings but that it now seemed desirable to review that policy. Any change that might result, however, need not be a sudden one, hence the State Department should not be overly concerned. The President called attention to Russian practices in this regard.

Mr. Martin was invited to comment and he expressed his concurrence in the importance and validity of Sec. Anderson's remarks. He felt this balance of payments matter had to be considered in all of our

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domestic and foreign activities.

Dr. Saulnier stated that the Council of Economic Advisors had been working on the problem and is participating in the work of the Committee chaired by Assistant Secretary Kearns of Commerce on the limited problem of exports. Dr. Saulnier believed that it was an overstatement to describe the situation in terms of "we have priced ourselves out of world markets," since that is not the whole story. He too stressed the psychological aspects of the problem. He thought that the steel dispute and outcome was extremely significant since it was painfully evident that we had lost a competitive advantage in this particular industry. A rise in the price of steel because of this dispute would be very disadvantageous in the light of the balance of payments problem.

The President referred to the copies of Chester Bowles' letter that he had sent to interested officials, urging that the steel industry ought to reduce prices $10 per ton. Mr. Saulnier believed that a good argument could be made for this action. The President noted how he was endeavoring to avoid any charges of favoritism in the steel dispute, since he did not feel that he could approach any of the steel leaders, even for the purpose of passing along Chester Bowles' suggestion. The President concluded his remarks by referring to the great inflation that has occurred in recent months as regards defense procurement.

The Vice President's Trip - The President did not remain for this report, but before leaving he invited the rest of the Cabinet to remain. He noted also the television broadcasts which the Vice President would narrate on the coming Sunday.

The Vice President opened his remarks by stressing the importance of keeping them strictly confidential in the light of the delicate international situation, especially since his observations might be construed as official policy or with other implications. He then reported for about an hour on his impressions of Mr. Khrushchev's character, the attitude of the Russian and Polish people, the situation in Poland, etc. He stated that he had informed the President and the Secretary of State in detail on those aspects of his discussion with Mr. Khrushchev which bore upon substantive issues; he did not recount these discussions in the Cabinet.

LAM
L. A. Minnich, Jr.

Copy to:
Mrs. Whitman (2)
Mr. Robert Gray
Mr. Minnich

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THE WHITE HOUSE
WASHINGTON

August 6, 1959

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for August 7

The following items are tentatively scheduled for the agenda of the August 7 Cabinet meeting:

1. Fund-Raising Within the Federal Establishment -- Review of Procedures With Respect to Privacy of Donations (Miss Bertha Adkins, Chairman, President's Committee on Fund-Raising)

At the Cabinet meeting of September 26, 1958, you personally asked that a review be made of the policy governing fund-raising within the government, with particular reference to sealed solicitation envelopes.

After study, your Committee on Fund-Raising has come to the conclusion that the envelope-privacy system should be retained, with the donors free to use any envelope available (not just the imprinted solicitation envelopes).

Chairman Bertha Adkins will present the Committee's recommendations to the Cabinet for your okay.

2. International Balance of Payments

(Secretary Anderson
and Assistant Secretar
Upton)

Secretary Anderson has spoken to you recently about the seriousness of our grave world trading problems.

This will be a chart presentation which has been discussed in advance with the Cabinet Members primarily affected.

Dr. Saulnier and others will join the discussion.

3. Remarks on His Russian-Polish Trip

(Vice President Nixon)

Since the Vice President has already made his report to you, you may not wish to remain for this item.

Bob

Robert Gray
Secretary to the Cabinet

6

CP - 56-47/1
June 27, 1956

The White House
Washington

THE CABINET

Fund-Raising Within the Federal Establishment — Approved Policy and Program

The attached approved paper is circulated for action by each Department and Agency under the general coordination of the Adviser on Personnel Management.

The policies reflected in this paper have been approved by the President following a series of Cabinet, Sub-Cabinet and bilateral discussions (cf SRA - 56-5, Item 2; SRA - 56-4, Item 2; RA - 44, Item 3), and following extensive consultation with representatives of the interested health and welfare agencies. The President's statement itself appears on Page 3.

The procedures specified in earlier versions of this paper (Section III-C of SCP - 56-5/2) will be worked out in their final form, pursuant to the policies in this attached paper, by the President's Committee on Fund-Raising Within the Federal Service and the Advisory Council to the President's Committee, which will be established by a forthcoming Executive Order.

Minus this cover-sheet, the attached paper is being made publicly available today.

Maxwell M. Rabb
Secretary to the Cabinet

THE WHITE HOUSE

WASHINGTON

FUND-RAISING WITHIN THE FEDERAL ESTABLISHMENT

APPROVED
POLICY AND PROGRAM

From the Office of
The President's Adviser on Personnel Management
June 27, 1956

THE WHITE HOUSE

WASHINGTON

FUND-RAISING WITHIN THE FEDERAL ESTABLISHMENT

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From the Office of
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June 27, 1956

THE WHITE HOUSE

WASHINGTON

FOREWORD

"We who work in the Government want to assume our full citizens' share of voluntary support of the many worthwhile private health and welfare organizations.

"True voluntary giving is based on the personal desire of an individual to make a private donation to a specific agency for a purpose with which he is familiar and which he wants to support.

"The new program will make available to everyone in the Government the opportunity to give his full measure of support to these efforts."

DWIGHT D. EISENHOWER

June 27, 1956

II

THE PROBLEM -- THE DEVELOPMENT AND PHILOSOPHY OF THE PROGRAM

Problem: In the Federal Government, it has been traditional to cooperate with and assist recognized health and welfare agencies to solicit both military and civilian personnel during their hours of duty. The multiplicity of these annual solicitations, despite the merit of each cause, has resulted in employee vexation and frustration and many times less than satisfactory results, a loss of valuable on-the-job time and problems for the administrators in the departments and agencies.

Development: The President and the Cabinet have decided that the traditional policy of allowing solicitation of Federal personnel should be continued, and have determined that two basic principles are fundamental to the development of an effective Fededal Service program: (1) A new government-wide policy directing a fund-raising program of "true voluntary giving" for all Federal establishments within and outside the Continental United States, and (2) a fund-raising program that would best meet the needs of the Government.

It was also strongly felt that a fund-raising program that had the support of the health and welfare agencies would be advantageous to all parties concerned. Such an approach would not only reduce or eliminate the number of current problems, but it would also, with Government support, provide the associations with an organized method for educating potential givers.

For more than a year, the Office of the President's Adviser on Personnel Management has been studying this complex problem, with the assistance of staff members of various departments and agencies. The survey represented an exhaustive review and analysis of the field of voluntary health and welfare fund-raising. The policies and procedures of the voluntary agencies were carefully considered, also public and private opinion, the diverse Federal department plans, and Federal personnel attitudes with respect to fund-raising during working hours. Following the completion of this study on September 8, 1955, the first of two meetings was held, followed by many consultations with the leaders in the field of fund-raising for health and welfare to enlist their cooperation and ask their advice in the development of a uniform policy and program for the Federal establishment. It was felt that any such program should be the outgrowth of the expert knowledge and experience accumulated by these persons and associations over many years. On February 17, 1956, these persons and associations were furnished data describing the Government's approach to a uniform fund-raising policy and program that had been approved by the President and the Cabinet, and asked to comment. The reactions, reservations and recommendations obtained were given exhaustive study. A prospectus of a tentative plan was prepared and reviewed line-by-line with representatives of all main interested groups.

The pages which follow contain the new Federal Service Fund-Raising Policy which has been developed with Cabinet concurrence. The program is designed to meet the expressed wish of the President for "true voluntary giving."

Philosophy: The fund-raising policy of the Federal Government must be flexible enough to provide workable guidelines to large and small installations the world over. It affects on-the-job solicitation of more than five million givers, including all civilian employees and members of the Armed Forces. It is clear that the Federal Government cannot advocate or dictate acceptance by the people in the Federal Service or by the national voluntary health and welfare agencies of any single fund-raising procedure to the exclusion of all others. The Federal Government must, of necessity, follow an impartial policy which can also be adapted to the fund-raising patterns of the various communities in which its people work and live, and be in accord with the principles of "true voluntary giving."

Attention is invited to Section IV-B-2(c) which provides for the development of an effective mechanism for solicitation by certain recognized voluntary agencies which do not come within the standard definition of a health or welfare organization: for example, "Crusade for Freedom."

PHILIP YOUNG

June 27, 1956

III

EXPLANATION OF TERMS
(as used in this paper)

A. "PLAN" - The term "plan" in this paper is used in a broad sense. It is used to mean a policy and framework to guide departments and agencies in the conduct of fund-raising programs in all types of Federal installations within and outside the Continental United States.

B. "IDENTIFICATION" - Adequate identification means that the name of each national health or welfare agency must be joined with the name of its local chapter or local affiliate participating in a "United Fund" campaign upon a contractual basis to avoid any possible misunderstanding concerning the ultimate destination of a gift. For example, solicitations simply in the name of a health "cause" would not be considered adequate identification.

C. A "RECOGNIZED" AGENCY - A recognized agency is an organization which has been found to be acceptable by reason of its having met the basic standards to be established by the President's Committee appointed to administer the Federal Service Fund-Raising program.

D. "ONE'S FAIR SHARE" - In the conduct of voluntary fund-raising campaigns which require an overall dollar goal and quotas, it will be permissible to indicate in campaign material what one's fair share of responsibility might be toward the success of the campaign. It is recognized that dollar quotas are designed primarily to indicate the general pattern of giving that would have to be followed if the participating health or welfare organization's overall dollar goal is to be achieved and its obligations discharged. Federal personnel will be made aware during the course of the campaign, through participating agencies' reports, of the degree to which their particular installation is following the giving pattern of the community in which they reside. It is implicit in the Government policy that individual employees be assured complete privacy in making their gifts and be insulated as far as possible against individual dollar quota pressure.

E. AN "AMERICAN NATIONAL RED CROSS" CAMPAIGN - In the functioning of the Federal Service program in those communities where a local chapter of the American National Red Cross does not participate in a "local federated" or local "United Fund" campaign, an American National Red Cross campaign will be conducted during the traditional month of March. American National Red Cross local chapter fund-raising campaigns are conducted on an overall dollar goal basis with quotas as indicated in "D" above.

F. A "UNITED FUND" CAMPAIGN - A United Fund campaign is a local Community Chest pledge solicitation, fund-raising movement with an overall dollar goal and quotas as described in "G" below, with the American National Red Cross participating. Other recognized national agencies may be included in the local "United Fund" campaign on a contractual basis in accordance with "B" above. In the functioning of the Federal Service fund-raising program, a local "United Fund" is dealt with and considered a single participating agency solely to safeguard its contractual relationship with its member agencies.

G. A "LOCAL FEDERATED" CAMPAIGN - A local federated campaign is a local Community Chest pledge solicitation, fund-raising movement with an overall dollar goal and quotas, in which certain purely local social welfare organizations participate, as well as certain well-known national organizations; for example, the USO for the benefit of our Armed Forces at home and overseas; the Salvation Army, and the Boy Scouts which conduct local programs. The Community Chest has for years functioned as an effective fund-raising agent in annual campaigns to raise a sufficient amount of money to cover the operational expenses of the worthy causes it represents. In the functioning of the Federal Service fund-raising program, a local "Community Chest" is dealt with and considered a single participating agency solely to safeguard its contractual relationship with its member agencies.

III

EXPLANATION OF TERMS
(Continued)

H. A "NATIONAL HEALTH AGENCY" CAMPAIGN - In the functioning of the Federal Service program in those communities in which recognized national health agencies do not participate in local United Fund campaigns and solicit on a cash basis, a national health agency campaign will be conducted over a six weeks' period - from December 15 to January 31, or a similar period which suits the local community pattern. Soliciations conducted during such a campaign will preserve the identity of each participating national health agency and provide for designated gifts going direct to the agency of the giver's choice.

I. "KEYMAN" - A keyman is the solicitor of contributions in the fund-raising efforts of the Community Chest or United Fund organizations, and the American National Red Cross, which have overall dollar goals and quotas. The term "Keyman" is similarly used in the Federal Service Plan in the conduct of any fund-raising campaign. In the case of a local Community Chest or United Fund campaign, a Keyman sometimes acts in a dual capacity - (1) a solicitor and/or (2) in those departments where permitted, as a post-campaign collector of budgeted installment payments.

The fund-raising committees to be established under the Federal Service Plan will be continuing organizations. This will assure thorough acquaintance on the part of all fund-raising workers with the mission and functions of the recognized participating health and welfare agencies and contribute to more effective solicitation.

The Federal Service Plan suggests that a Keyman be made responsible for about twenty-five individual employee solicitations. His goal is 100% voluntary participation. He must be capable, energetic, patient and endowed with good common sense. He must avoid any action which might be considered to be coercive or in any way contrary to the principles of free-will, voluntary giving.

In accordance with established practice, under the Federal Service Plan, Keymen will operate under the supervision of a Division Campaign Chairman who reports to the Department Chairman through whom there will be a point of contact with the benefiting agencies. The Division Campaign Chairman has a dollar goal which is his group's equitable share of the overall dollar campaign target of his department. A breakdown of the Division Campaign Chairman's goal to effect the assignment of a dollar quota to an individual is absolutely prohibited.

IV-A

FEDERAL SERVICE FUND-RAISING POLICY

A. Criteria:

1. A new government-wide policy directing a fund-raising program of "true voluntary giving" for the departments and agencies, including the Armed Forces.

2. Not more than three solicitations annually during specified periods. (All recognized and approved national voluntary agencies will be assigned an appropriate period for their solicitation.)

3. Flexibility to fit all types of Federal establishments and installations.

4. Minimum disturbance of people on duty.

5. Minimum of cost of record-keeping and administration for Federal government departments and agencies.

6. Acceptability to givers.

7. Preservation of the giver's choice by providing that his gift goes intact to the agency of his choice.

8. Preservation of the identity of each recognized national voluntary agency.

9. Opportunity for education allowing each national voluntary agency to tell its story to each potential giver.

10. Privacy of individual donations unless the individual giver himself chooses to reveal his gift.

11. Exceptions from the policy of three solicitation periods for emergency and disaster appeals.

The program does not provide for:

1. Payroll deductions.

2. Automatic revelation to other Federal personnel of any individual's donation.

IV-B

FEDERAL SERVICE FUND-RAISING POLICY

(Continued)

B. Policies (pursuant to the foregoing Criteria).

1. A new government-wide policy directing a fund-raising program of "true voluntary giving" which sets forth guidelines for the departments and agencies including the Armed Forces.

   All Federal agencies and installations within the Continental United States shall, to the greatest extent possible, within the criteria set forth in IV-A, adapt their fund-raising programs to the pattern of the community in which they are located.

2. Not more than three solicitations annually during specified periods.

   a. Under the Federal Service fund-raising program, a single solicitation will be conducted only when all recognized national voluntary agencies participate in a United Fund campaign.

   b. Two solicitations will be conducted in those communities which utilize a United Fund which does not include all of the recognized and approved national voluntary agencies whose policies permit participation in the Federal Service plan.

      i. One pledge solicitation with an overall dollar goal and quotas as indicated in III-D and III-F above.

      ii. One cash solicitation over the specified six-weeks' period as indicated in III-H above.

   c. A maximum of three solicitations will be conducted in those communities which do not have a United Fund or a "limited" United Fund.

      i. One pledge solicitation with an overall dollar goal and quota will be necessary for the needs of the local Community Chest.

      ii. One overall dollar goal and quota solicitation during March will be necessary to accommodate the local chapter of the American National Red Cross.

      iii. One cash solicitation over the specified period of six weeks will be necessary to accommodate the recognized national health agencies. This solicitation will preserve the identity of each participating national health agency and will provide for the gifts to go direct to the agency of the giver's choice.

FEDERAL SERVICE FUND-RAISING POLICY

(Continued)

Note: It is recognized that there are certain national voluntary agencies which do not come within the standard definition of a health or welfare organization. United Funds, which are both local and national appeals, may possibly provide a mechanism for solicitation by these agencies. In some cases, under special circumstances, provision may have to be made for permitting this type of agency to solicit concurrently with other groups during one of the specified periods. In such instances, the problem will be worked out and the solicitation period determined by the President's Committee after investigation of the merits of each individual case and consultation with the Advisory Council.

d. In all Federal Government installations located outside the Continental United States, three Federal service cash solicitations with no over-all dollar goals or quotas may be necessary. These solicitations should, whenever possible, be carried on concurrently with the three state-side Federal service solicitations mentioned in 2-c above; for example:

i. One cash solicitation each Fall for the needs of Community Chests if they wish to avail themselves of this opportunity.

ii. One cash solicitation during March for the needs of the American National Red Cross.

iii. One cash solicitation over the specified period of six weeks to accommodate the recognized national health agencies. This solicitation will preserve the identity of each participating national health agency and provide for the gifts to go direct to the agency of the giver's choice.

Note: The Federal service fund-raising program will permit those participating national voluntary agencies which have conducted overseas campaigns to continue them. In addition, it will provide an opportunity for those which have not campaigned overseas to do so. The program will provide every military and civilian member of the Federal establishment an opportunity to participate in these worthwhile hometown activities, no matter how distant his overseas duty station may be from his home.

IV-B

FEDERAL SERVICE FUND-RAISING POLICY

(Continued)

3. Flexibility to fit all types of Federal establishments and installations.

   The criteria set forth in IV-A shall be adhered to by all Federal government installations throughout the world. Flexibility has been provided in the policies expressed in IV-B-2 above to enable field services of departments and agencies and the heads of local installations to gear their Federal Service Fund-Raising Programs to their local community fund-raising pattern.

4. Minimum disturbance of people on duty.

   The solicitation policy shall be applied so as to meet this criterion.

5. Minimum of cost of record-keeping and administration for Federal government departments and agencies.

   Provision for not more than three solicitations annually will reduce the cost for most departments and agencies. The cost will be reduced further by the provision requiring privacy of individual gifts, thus eliminating a considerable portion of the fiscal record-keeping in the handling of solicitations under existing procedures.

6. Acceptability to givers.

   Federal departments and agencies, to ensure acceptability to givers, must adhere to criteria 2, 4, 7, 8 and 10, which provide employees full freedom of choice, freedom from coercion, and privacy of their gifts.

7. Preservation of the giver's choice by providing that his gift goes intact to the agency of his choice.

   Each benefiting agency shall be identified in accordance with III-B above by local Community Chests and United Funds in order that each employee, should he so desire, can designate the agencies of his choice.

   The distribution of gifts is governed by the contractual agreements between the Community Chest or the United Fund and its membership. The Federal Service program in no way modified any such agreements and it should be emphasized that a United Fund or a Community Chest qualifies as a single participating agency where it meets the conditions of the Federal Service program. Under such conditions, Federal employees will be encouraged to support a United Fund or Community Chest where such contractual agreements exist.

8. Preservation of the identity of each recognized national voluntary agency.

IV-B

FEDERAL SERVICE FUND-RAISING POLICY

(Continued)

As set forth in III-B above, each participating national health or welfare agency must be specifically identified by name in all Federal Service fund-raising campaign material.

9. Opportunity for education allowing each national voluntary agency to tell its story to each potential giver.

   To the greatest extent possible, the educational provisions of the program will be designed to accommodate the educational programs and needs of each voluntary agency participating in the Federal Service program.

10. Privacy of individual donations unless the individual giver himself chooses to reveal his gift.

   Under the Federal Service plan, no keyman solicitor or person performing that function is empowered or authorized to ascertain or request the amount of any individual's contribution. Likewise, no individual employee can be required to divulge the amount of his individual gift. The modified keyman solicitation and optional keyman collection procedures are designed to meet this basic policy of safeguarding the privacy of individual gifts where the employee does not wish the amount of his gift to become known.

   In observing this policy, department chairmen or their representatives cannot accept or utilize, for solicitation purposes, lists of individuals revealing previous gifts, no matter from what source derived.

11. Exceptions from the policy of three solicitation periods for emergency and disaster appeals.

   This criterion is necessary to preserve and guarantee complete freedom for emergency fund-raising within the Federal establishment.

Not Permitted:

1. This plan does not provide for payroll deductions, but does permit employer collection of installment pledges.

   Employer collection of installment pledges is optional at the department level. Under the Federal Service Plan the modified keyman solicitation methods may well result in an increase of installment pledge contributions. Experience shows that installment pledge contributions are necessary if a local Community Chest or United Fund dollar goal is to be reached. Federal Service keymen fund-raising workers will be encouraged to secure "fair share" installment pledge contributions on a voluntary basis for a local Community Chest or for a local United Fund campaign.

2. Automatic revelation to other Federal Personnel of any individual's donation.

   The keystone of the Federal service plan is "true voluntary giving." Accordingly, no potential avenue should be left open to the possibility of coercive persuasion in the upgrading of an individual's gift to meet a set dollar target or quota. Only if the individual giver, for whatever reasons of his own, wishes to reveal the amount of his donation shall his donation be known to other Federal personnel.

- V -

POLICY DIRECTION AND ADMINISTRATION OF FEDERAL SERVICE FUND-RAISING

An Executive Order issued by the President will provide the authority for implementing the policy of the Federal Service fund-raising program of "true voluntary giving" as set forth in this paper, and will also provide for:

A. The establishment of The President's Committee on Fund-Raising Within the Federal Service. This Committee will be composed of five members to be appointed by the President who shall designate the Chairman and Vice Chairman of the Committee. The Chairman, Vice Chairman and members of the Committee shall serve at the pleasure of the President. The Committee will, after consultation with the President, take necessary steps to put approved policies and procedures into effect and shall be responsible for a continuing review of the conduct and operation of the program.

B. An Advisory Council to the President's Committee will be appointed by the Chairman of the Committee to serve as a working group to assist and advise the Committee in carrying out its responsibilities.

The Advisory Council will be composed as follows:

The Surgeon General, Public Health Service, or his alternate,
The President, American National Red Cross,
The President, United Community Funds and Councils of America,
The President of a participating national health agency to serve on a rotating basis,
Not less than three members from the Federal Service to represent Federal officers and employees, and the Armed Forces.

The Chairman and Vice Chairman of the Council shall be appointed annually from among its members by the Chairman of the Committee.

An operational manual will be developed by the President's Committee, with the assistance of the Advisory Council, to implement the Federal service fund-raising policy set forth in this paper.

* * * * * *

CHARTS SHOWING POSTWAR CHANGES IN THE INTERNATIONAL LIQUIDITY POSITIONS OF THE U.S. AND FOREIGN COUNTRIES, IN RELATION TO THEIR INTERNATIONAL TRANSACTIONS

The first chart shows that by the end of June, our gold stock at $19.7 billion was less than foreign liquid dollar holdings.

When we deduct from our total gold stock that part required to maintain a 25% reserve behind Federal Reserve Bank notes and deposits, we have the amount of U.S. gold available for sale to foreign governments and central banks who may want to convert their official dollar holdings into gold. This "available" amount of gold is now less than the official short-term dollar holdings of foreign countries. Such holdings could be substantially increased in a period of concern about the dollar, by the transfer of dollar holdings from private foreign accounts to official foreign accounts.

In summary, our available U.S. gold, at this time, is substantially below the amount of foreign dollar holdings that could be presented by foreign governments through official channels for conversion into gold by the U.S. Treasury.

In the second chart the bar on the left for each year shows the value of U.S. investment abroad and the bar on the right shows the value of foreign investments in the United States. U.S. investments abroad have shown a marked rise since 1939, but the rise has occurred very largely in the white section which represents the relatively illiquid part of U.S. investments abroad. The white portion above the dotted line in the bars for 1946, 1949 and 1958 represent U.S. Government as distinct from private U.S. investment abroad. It includes not only dollar repayable loans such as the Anglo-American Financial Agreement loan and Export-Import Bank loans, but also to an increasing extent soft currency loans and the accumulation of foreign currencies derived from P.L. 480 sales. The white portion below the dotted line represents private U.S. investment abroad, of which a large part is in the form of direct investments which could not be readily liquidated in many cases.

The bar on the right for each year shows foreign investments in the U.S. The black section representing liquid dollar holdings by foreigners is well over half the total in the post-war period.

We are in an increasingly exposed position as regards potential foreign claims on our gold stock, and our investments abroad would be of little use in offsetting such claims.

The *next* group of charts shows where the increases in foreign gold and dollar holdings are occurring. The *first* of these shows the striking increase in gold and liquid dollar resources of Western Europe - particularly continental Western Europe - since 1948. Of the $19 billion increase in all foreign countries' holdings between the end of 1948 and March 31, 1959, Western Europe accounted for about $14 billion. As the next chart shows, West Germany has shown the largest increase of gold and dollar holdings but practically all of the European countries have shown very substantial increases.

The upper section of the *next* chart shows that while Western Europe has consistently gained dollars in its direct transactions with the U.S. ever since 1947 -- the one exception being 1957 when the aftermath of the Suez crisis was being felt -- it was not until 1953 that Western Europe began to earn large amounts of gold and dollars consistently from countries other than the U.S. (The down turn in the dotted line for the first quarter of 1959 represented a large movement of funds out of German reserves into Canada.)

Western Europe is accumulating gold and dollar reserves not only through its direct transactions with the U.S. but also through transactions with less developed areas. The latter which, as a group, have been earning or otherwise receiving substantial amounts of gold and dollars from the U.S. have been paying roughly comparable amounts to Western Europe.

The *final* group of charts deals with the U.S. balance of payments. It is helpful to look first at the lower section of the Balance of Payments chart. The two bottom lines show U.S. merchandise exports (including sales of PL 480 agricultural commodities) and U.S. merchandise imports. The gap between these lines represents our favorable trade balance. It is estimated that this balance will come close to disappearing for the year 1959. While our merchandise imports are the largest single category of U.S. payments, they form only around half of our total payments abroad, the latter being represented by the top line in the lower section of the chart. Total U.S. payments have for a decade exceeded our total receipts from abroad for goods and services. Foreigners have gained the difference either in the form of gold and liquid dollars or long term investments. In the upper section of the chart these gains by foreigners are shown as the grey area beneath the horizontal line.

One other point of interest in the lower section of the chart is the large fluctuation in our merchandise exports as compared with merchandise imports. Our exports tend to increase in emergency situations such as existed at the end of World War II, the Korean War, and the Suez crisis. In such periods we act as a marginal supplier for large amounts of such items as cotton, wheat and petroleum. Our imports, on the other hand, show a more definite and consistent upward trend.

During 1959 the likelihood of stationary or even slightly declining U.S. exports and substantially increased imports may result in only a small favorable trade balance -- perhaps $1 billion -- to offset a much larger unfavorable balance on other transactions. In other words, our "payments difference" in 1959 may net approximately $5.3 billion, of which $4.5 billion may be accumulated by foreigners in the form of gold and liquid dollars the balance being in the form of recorded long term investments and some unrecorded transactions.

The final chart shows the three major ways in which the U.S. provides dollars directly or indirectly to foreigners apart from our imports of foreign goods and services.

(A) U.S. Government grants, net loans and capital outflow have been recently running around $2.5 billion a year.

(B) U.S. Government military expenditures abroad have been averaging $3.3 billion a year.

cont./

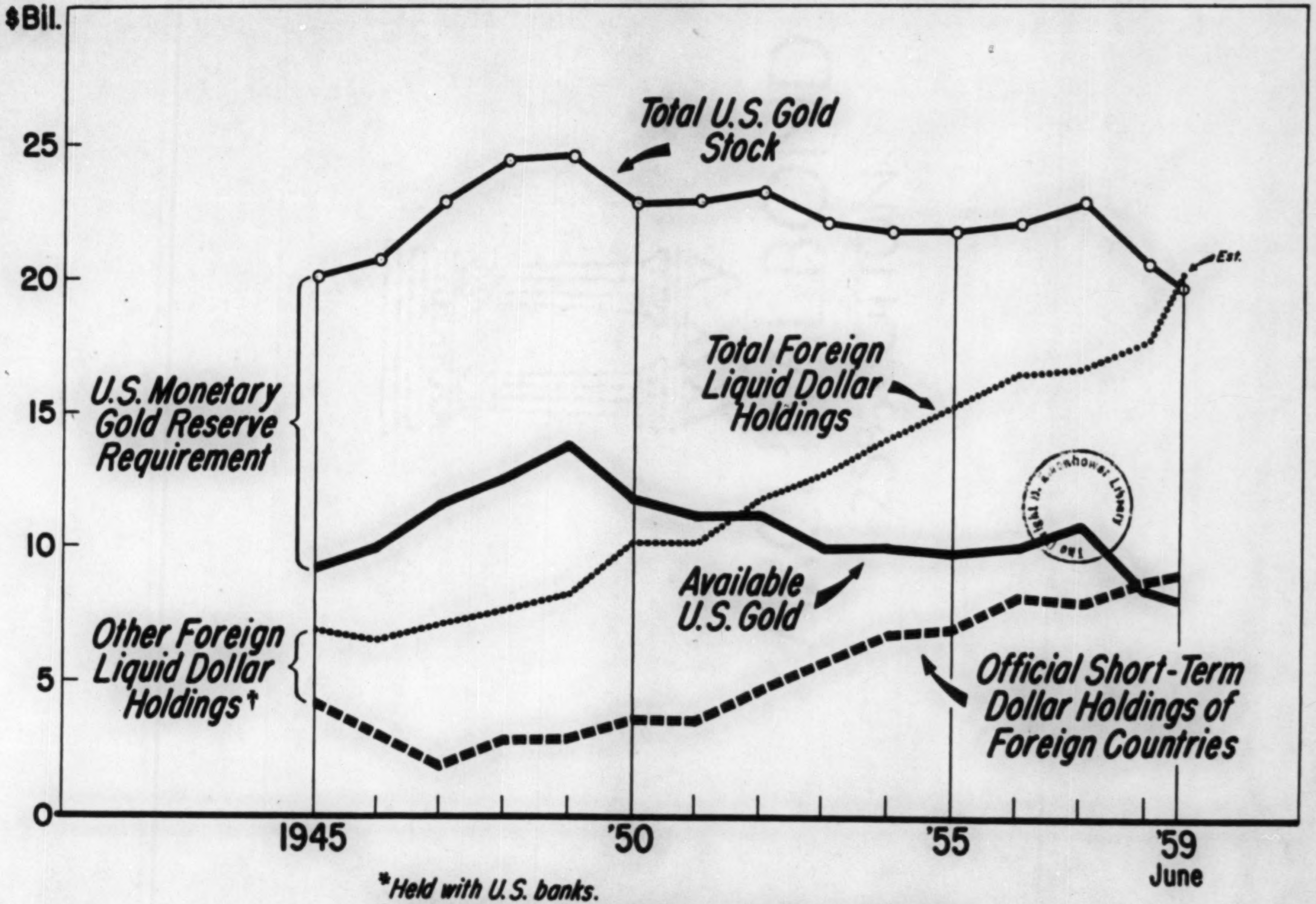
(C) U.S. Government pension payments abroad -- included in the "Other" category in the lower section of the chart -- amount to approximately $180 million per year. Also included in this section of the chart are private remittances, and private capital outflow which has been averaging around $3 billion in recent years.

Part of (A), all of (B) and Government pension payments in (C) involve a direct U.S. Government outlay to foreigners of dollars which may find their way into foreign reserves. The remainder of (A) takes the form of U.S. commodities exported in connection with Export-Import Bank loans, some ICA loans and grants, and PL 480 sales. While PL 480 sales and U.S. Government loans and grants which take the form of delivery of U.S. commodities do not directly put dollars into the hands of the recipient countries, they do give recipient countries greater flexibility in the use of the dollars they earn from commercial exports to the U.S. Such dollars, as noted above, have flowed from aid recipient countries more and more to procurement in Western European countries, contributing to the latter countries' accumulations of dollar reserves.

July 31, 1959

PPS

U.S. GOLD STOCK, REQUIRED RESERVES, AND FOREIGN LIQUID DOLLAR HOLDINGS*



*Held with U.S. banks.

†Private holdings and holdings of international institutions.

UNITED STATES GOLD STOCK, MONETARY GOLD RESERVE REQUIREMENT, AVAILABLE UNITED STATES GOLD, AND FOREIGN LIQUID DOLLAR HOLDINGS

1945 - June 1959

(In Millions of Dollars)

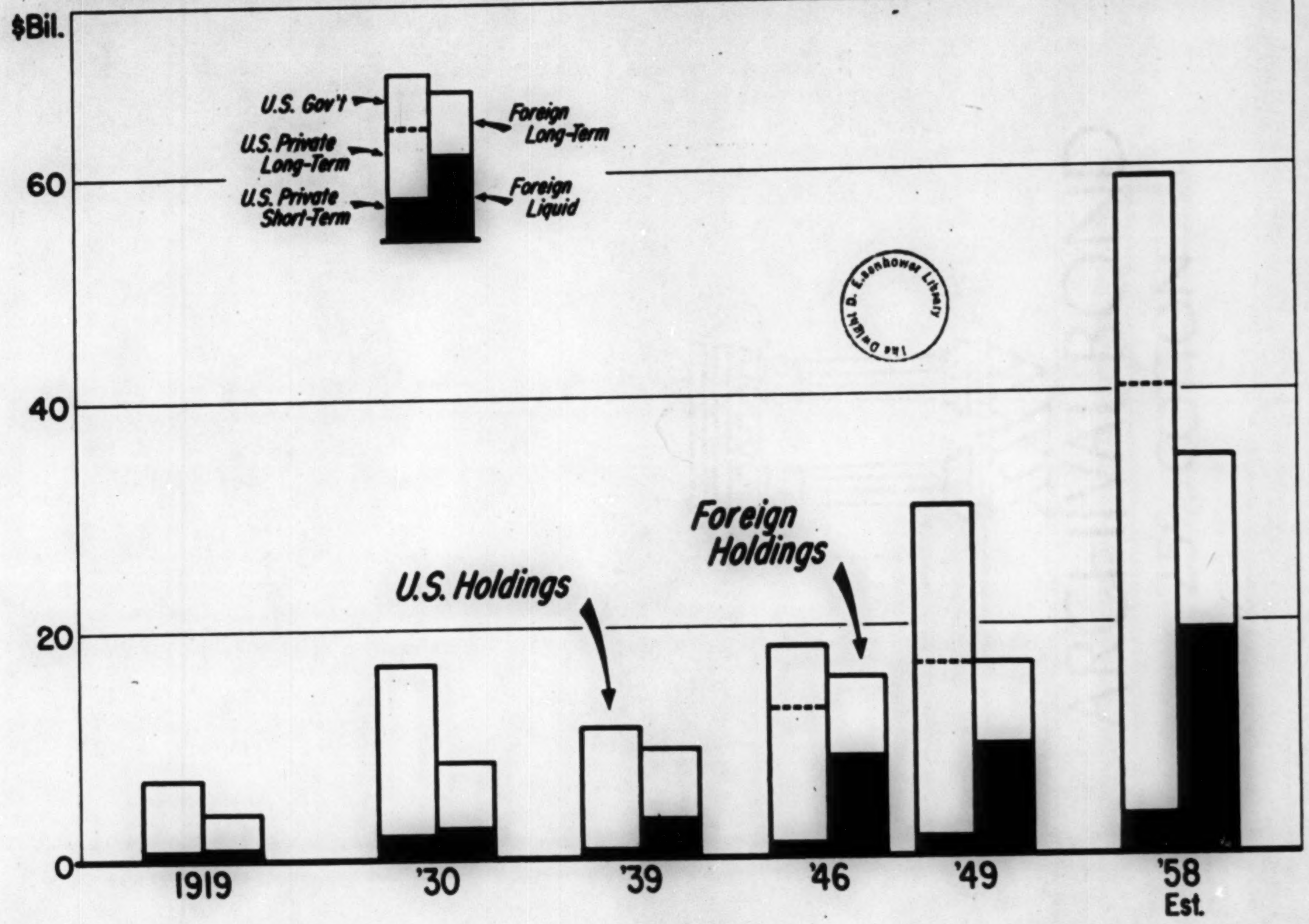
End of Period	United States Gold Stock	United States Monetary Gold Reserve Requirement	Available United States Gold	Foreign Liquid Dollar Holdings	
				Official Short-term Holdings of Foreign Countries	Total, including International Institutions
1945	20,083	10,919	9,164	4,179	6,883
1946	20,706	10,780	9,926	3,044	6,480
1947	22,868	11,341	11,527	1,832	7,116
1948	24,399	11,938	12,461	2,837	7,718
1949	24,563	10,795	13,768	2,908	8,226 1/
1950	22,820	11,045	11,775	3,620	10,197
1951	22,873	11,758	11,115	3,548	10,173
1952	23,252	12,092	11,160	4,654	11,719
1953	22,091	12,187	9,904	5,667	12,739
1954	21,793	11,847	9,946	6,770	14,019
1955	21,753	12,009	9,744	6,953	15,230
1956	22,058	12,120	9,938	8,045	16,433
1957	22,857	12,101	10,756	7,917	16,600
1958	20,582	12,036	8,546	8,663	17,637
1959 June 2/	19,745	11,745	8,000	8,942	20,056 (est.)

1/ Includes for the first time estimated holdings of U.S. Government bonds and notes.

2/ Reflects payment of increase in U.S. subscription to the I.M.F. in June amounting to $1,375 million, comprised of $344 million in gold and $1,031 million in non-interest bearing U.S. Government notes.

July 31, 1959

UNITED STATES INTERNATIONAL INVESTMENT POSITION



Office of the Secretary of the Treasury

FO-346-2

UNITED STATES INTERNATIONAL INVESTMENT POSITION
End - Selected Years

(In millions of dollars)

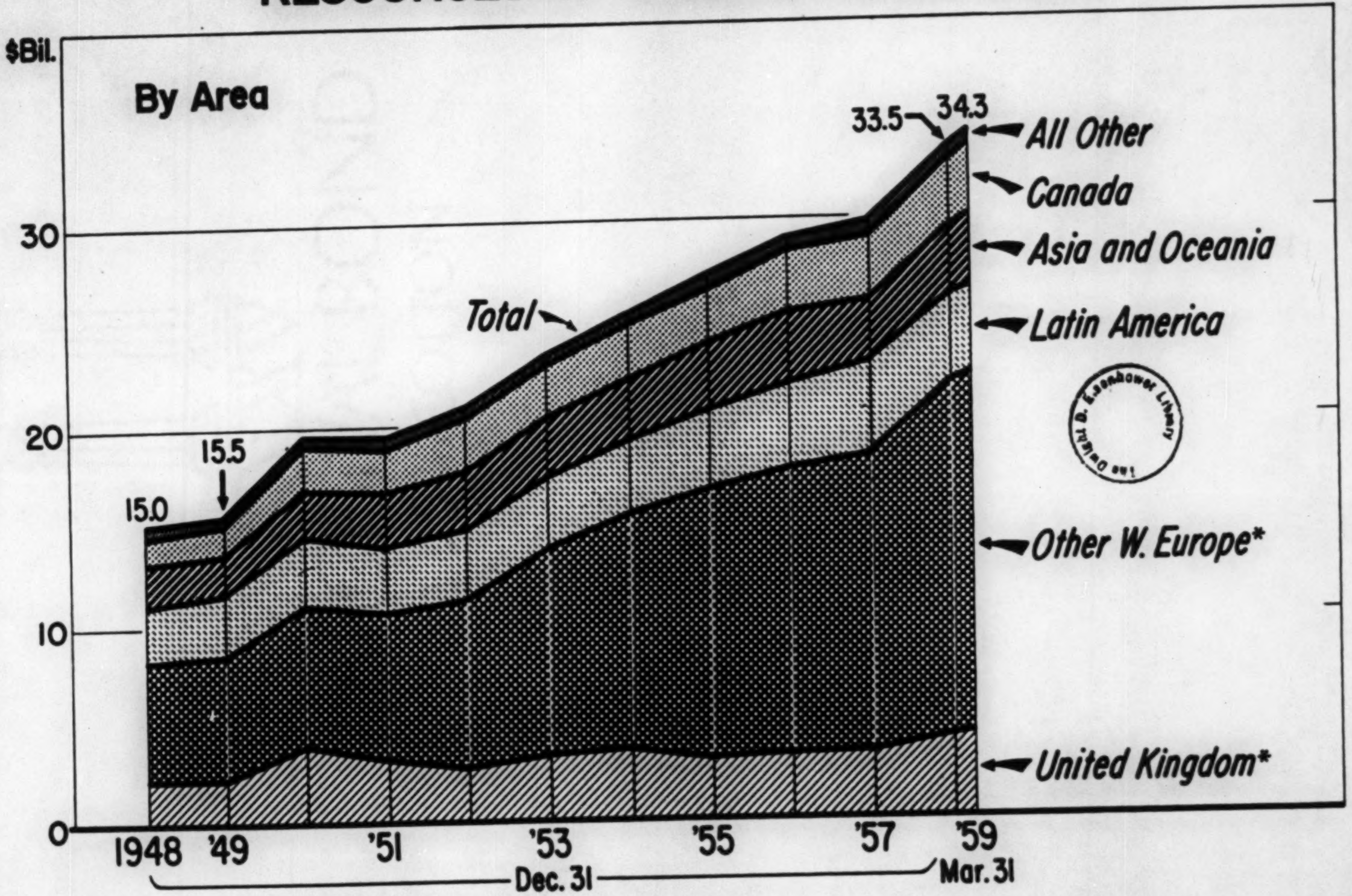
	1919	1930	1939	1946	1949	1958 (est.)
U.S. investments abroad, total....	7,000	17,200	11,400	18,693	30,665	59,100
Private investments............	7,000	17,200	11,400	13,525	16,949	40,800
Long-term....................	6,500	15,200	10,800	12,263	15,637	37,200
Short-term...................	500	2,000	600	1,262	1,312	3,600
U.S. Government credits & claims	-	-	*	5,168	13,716	18,300
Foreign assets and investments in the United States, total........	4,000	8,400	9,600	15,880	16,879	34,600
Long-term investments..........	3,200	5,700	6,300	6,985	7,122	14,960
Liquid assets (short-term assets & U.S. Government obligations)	800	2,700	3,300	8,895	9,757	19,640

* Less than $50 million.

Source: U.S. Department of Commerce

June 15, 1959

ESTIMATED GOLD AND LIQUID DOLLAR RESOURCES OF FOREIGN COUNTRIES



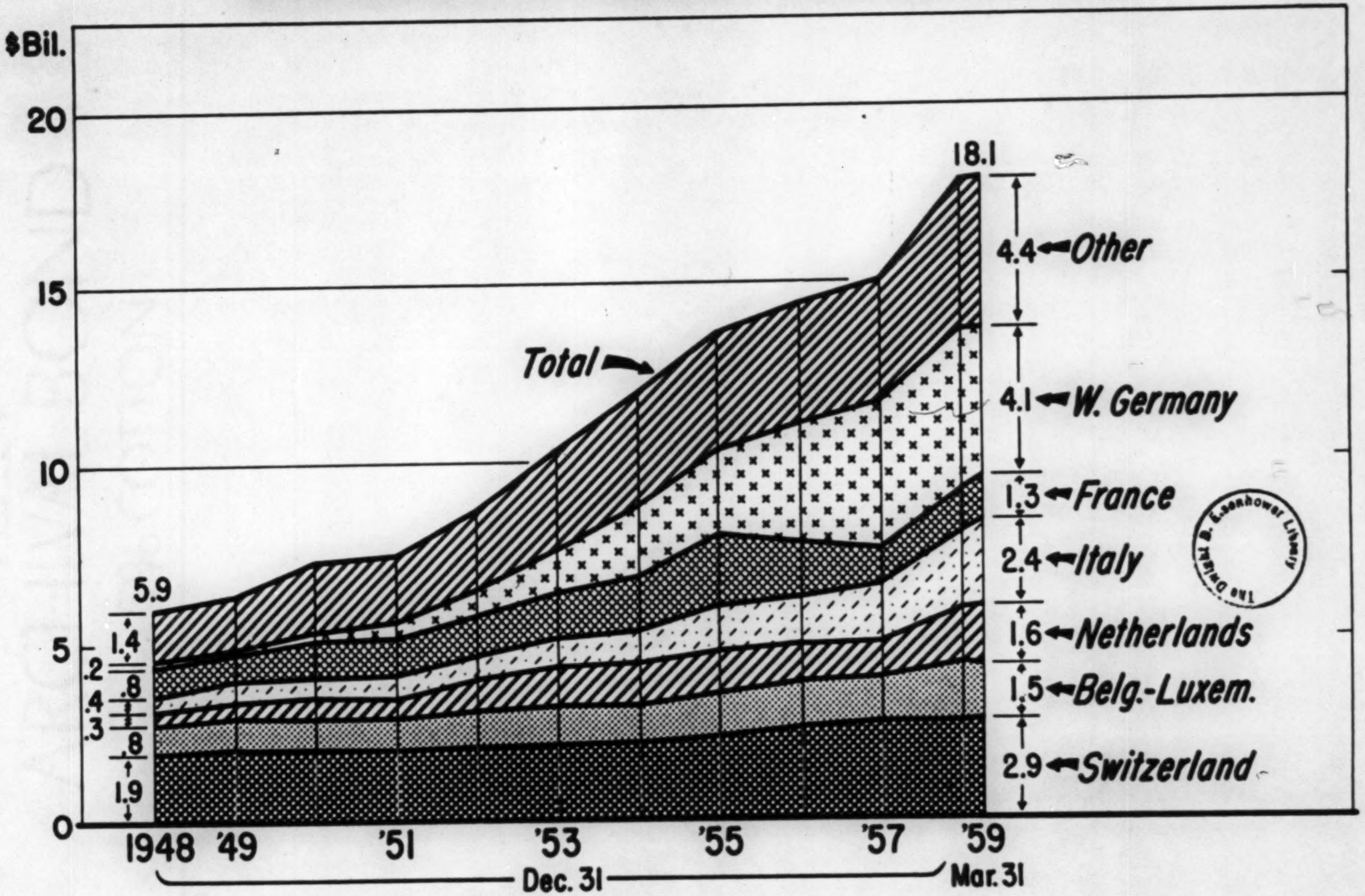
*Including dependencies.

Note: Data exclude international institutions and gold holdings of the U.S.S.R., other E. European countries, and China Mainland; data include U.S. Government bonds and notes.

Office of the Secretary of the Treasury

FO-311-A

ESTIMATED GOLD AND LIQUID DOLLAR RESOURCES, W. EUROPE* EXCLUDING U.K.



*Including dependencies.
Note: Data include U.S. Government bonds and notes.

Office of the Secretary of the Treasury

FO-314-A

Estimated gold reserves and liquid dollar holdings of foreign countries and international institutions

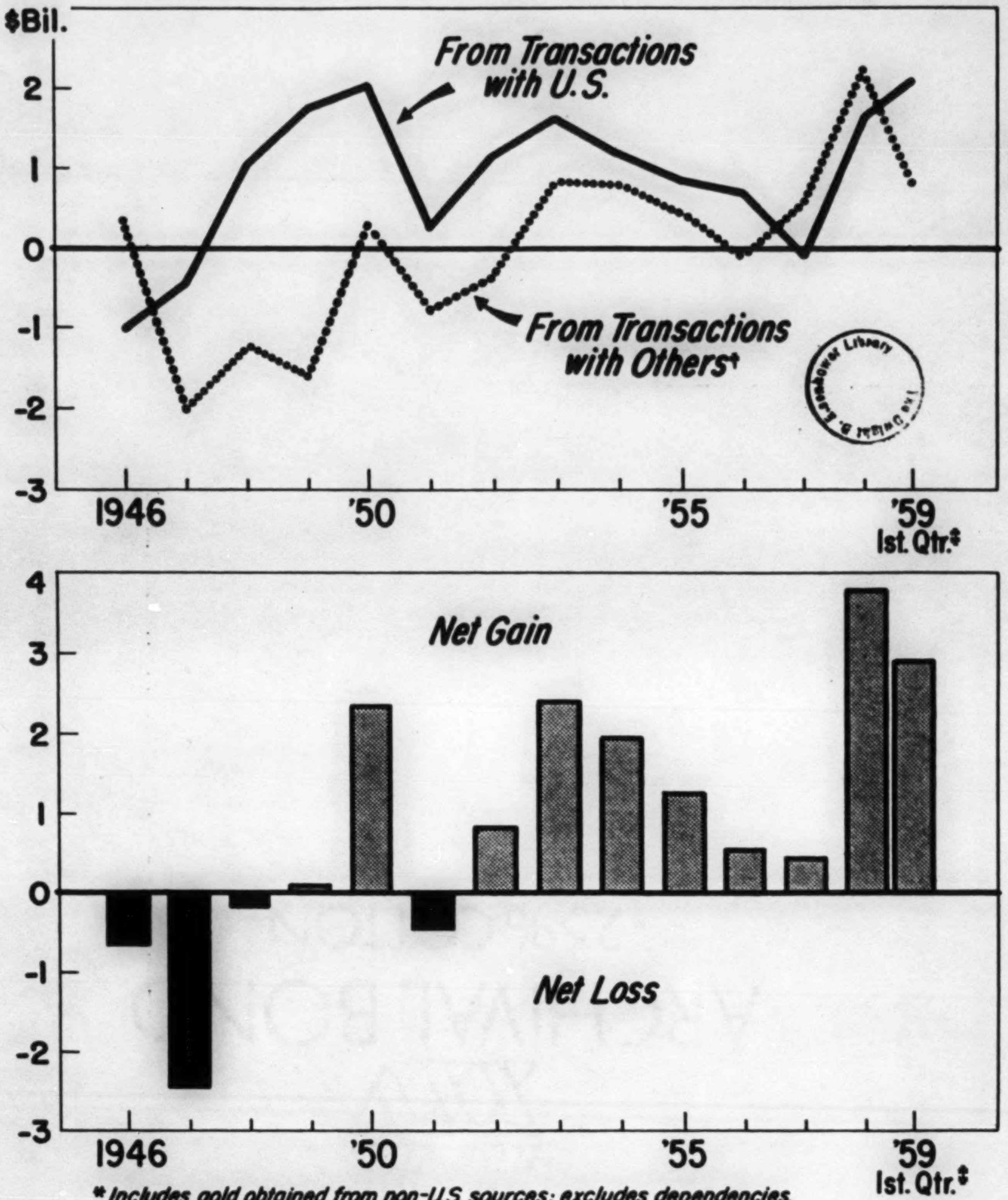
(In millions of dollars)

AREA	December 31										Mar. 31,
	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
TOTAL, FOREIGN COUNTRIES 1/	15,450	19,577	19,532	20,902	23,449	25,440	27,205	29,083	29,799	33,547	34,253
Total, Western Europe 2/	8,429	11,019	10,463	11,305	13,704	15,434	16,587	17,588	18,314	21,970	22,275
Belgium, Lux. & Congo	913	860	907	1,026	1,098	1,054	1,211	1,236	1,192	1,528	1,495
France & Dependencies	727	1,016	1,069	1,141	1,177	1,467	2,108	1,512	955	1,146	1,258
Germany (Western)	149	222	434	691	1,227	1,999	2,382	3,343	4,113	4,407	4,063
Italy	564	580	643	665	821	935	1,139	1,270	1,533	2,209	2,352
Netherlands & Dependencies ..	425	567	531	824	1,063	1,123	1,144	1,080	1,058	1,512	1,630
Switzerland	2,067	2,081	2,016	2,099	2,174	2,223	2,398	2,643	2,813	2,853	2,861
United Kingdom & Depend.	2,134	3,802	3,041	2,619	3,342	3,502	2,970	3,122	3,188	4,032	4,223
Other 3/	1,450	1,891	1,822	2,240	2,802	3,131	3,235	3,382	3,462	4,283	4,393
Total, Latin America	3,078	3,505	3,419	3,432	3,678	3,819	3,984	4,313	4,544	4,114	4,239
Venezuela	517	458	446	521	597	600	671	1,061	1,556	1,215	1,229
Other	2,561	3,047	2,973	2,911	3,081	3,219	3,313	3,252	2,988	2,899	3,010
Total, Asia & Oceania	2,068	2,402	2,802	2,995	2,991	2,904	3,360	3,529	3,083	3,439	3,660
Japan	356	589	731	931	953	850	1,025	1,149	716	1,095	1,233
Other	1,557	1,674	1,883	1,868	1,827	1,833	2,081	2,154	2,121	2,063	2,142
Canada	1,526	2,143	2,257	2,627	2,519	2,709	2,610	2,996	3,195	3,438	3,503
All Other Countries	349	508	591	543	557	574	664	657	663	586	576
STERLING AREA	2,821	4,583	3,870	3,473	4,274	4,448	3,997	4,157	4,247	5,133	5,326
INTERNATIONAL INSTITUTIONS	3,268	3,298	3,432	3,547	3,616	3,864	4,010	3,535	2,919	3,371	3,548

1/ Excludes gold holdings of U.S.S.R., other Eastern European countries, and China Mainland.
2/ Includes dependencies.
3/ Includes unpublished gold reserves of certain Western European countries.
Note: Gold reserves and liquid dollar holdings include official gold reserves, and official and private holdings of short-term dollar assets with U.S. banks and of U.S. Government bonds and notes.

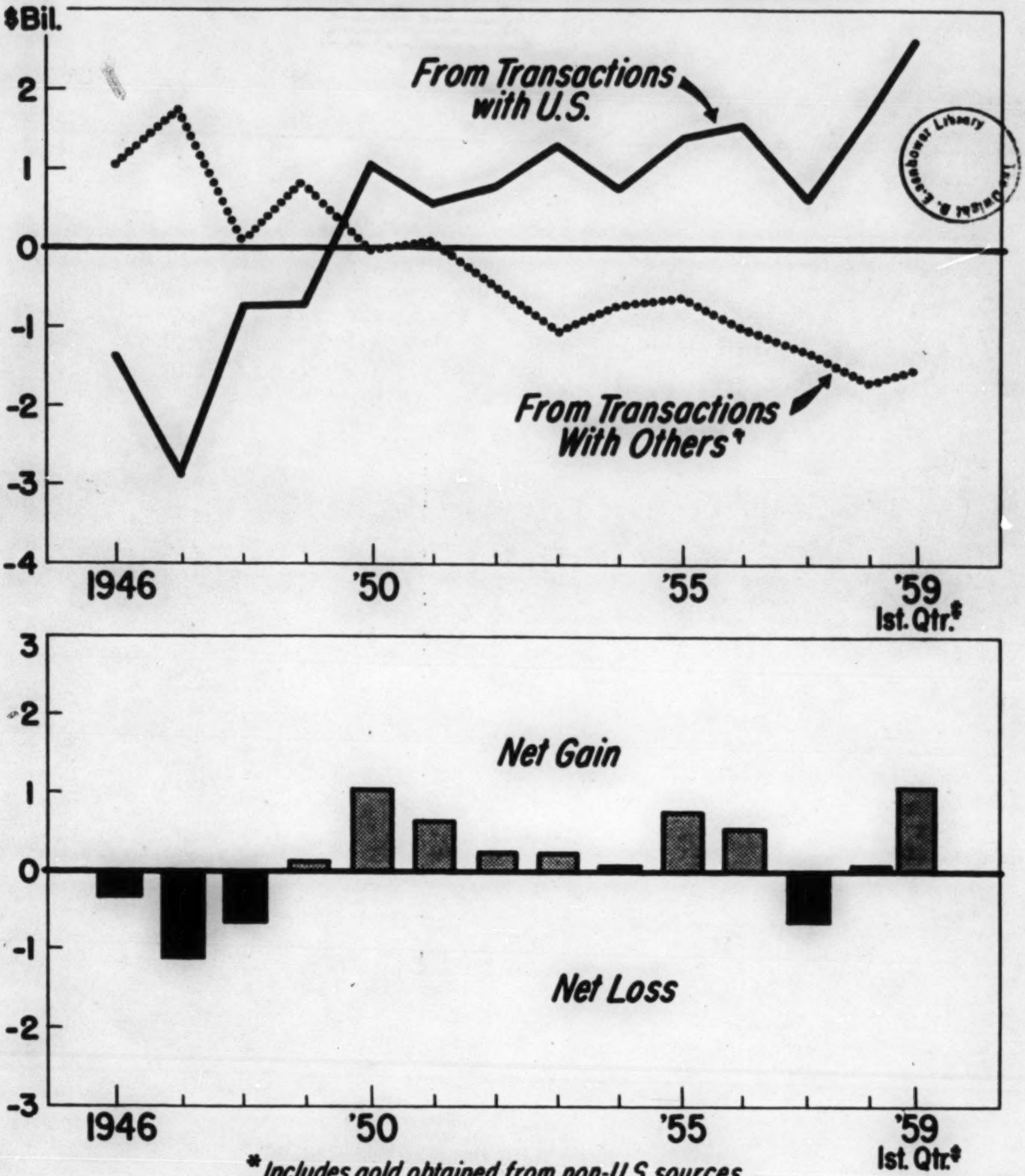
July 24, 1959

CHANGES IN TOTAL ESTIMATED GOLD RESERVES AND LIQUID DOLLAR HOLDINGS OF W. EUROPE*



* Includes gold obtained from non-U.S. sources; excludes dependencies.
† Excluding transactions with IMF.
‡ Annual Rate.

CHANGES IN TOTAL ESTIMATED GOLD RESERVES AND LIQUID DOLLAR HOLDINGS OF ALL COUNTRIES OTHER THAN CANADA AND W. EUROPE*



* *Includes gold obtained from non-U.S. sources.*
† *Excluding transactions with IMF.*
‡ *Annual Rate.*

Increases in Total Estimated Foreign Gold Reserves and Liquid Dollar Holdings 1/
(In Millions of Dollars)

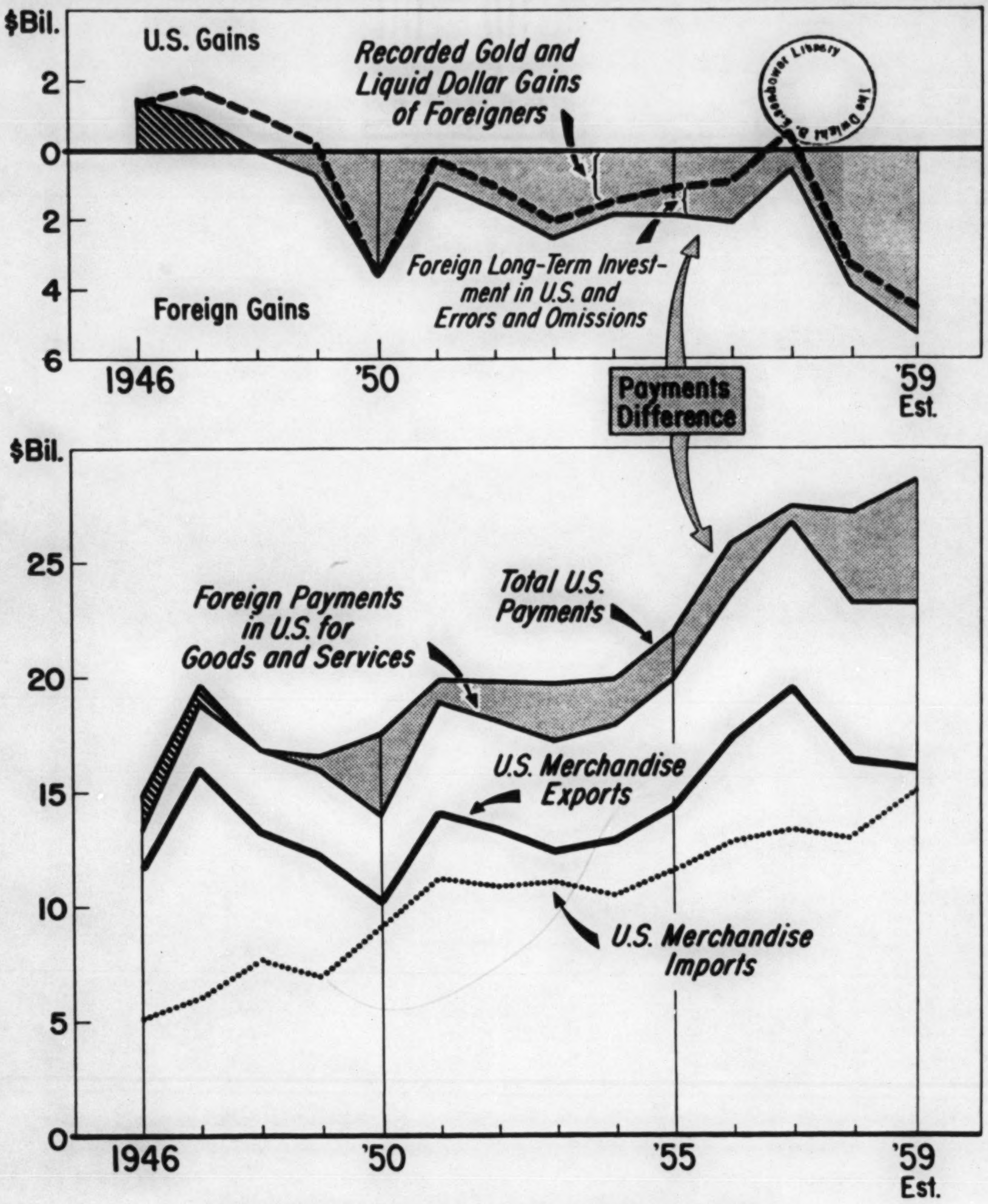
		Total	W. Europe (Excl. Depend.)	Canada	All Other Countries	Int'l. Inst.	Errors and Omissions Adjustment 2/
1946	Total	-907	-644	-407	-304	448	-
	From U.S.	-1,341	-1,004	-658	-1,328	1,844	-195
	Other	434	360	251	1,024	1,396	195
1947	Total	-1,311	-2,436	-691	-1,137	2,953	-
	From U.S.	-1,780	-425	-1,330	-2,898	3,809	-936
	Other	469	-2,011	639	1,761	-856	936
1948	Total	-582	-194	479	-673	-194	-
	From U.S.	-1,051	1,034	-237	-764	95	-1,179
	Other	469	-1,228	716	91	-289	1,179
1949	Total	267	107	173	101	-114	-
	From U.S.	-201	1,707	-389	-730	-14	-775
	Other	468	-1,600	562	831	-100	775
1950	Total	4,045	2,385	639	1,048	-27	-
	From U.S.	3,597	2,023	389	1,094	61	30
	Other	448	362	250	-46	-88	-30
1951	Total	509	-477	270	664	52	-
	From U.S.	327	291	-261	583	184	-470
	Other	182	-768	531	81	-132	470
1952	Total	1,410	824	326	255	5	-
	From U.S.	1,088	1,156	-497	782	152	-505
	Other	322	-332	823	-527	-147	505
1953	Total	2,537	2,412	-64	226	-37	-
	From U.S.	2,106	1,612	-586	1,291	85	-296
	Other	431	800	522	-1,065	-122	296
1954	Total	2,177	1,954	175	23	25	-
	From U.S.	1,545	1,167	-330	749	126	-167
	Other	632	787	505	-726	-101	167
1955	Total	1,808	1,259	-150	768	-69	-
	From U.S.	1,177	846	-658	1,389	46	-446
	Other	631	413	508	-621	-115	446
1956	Total	1,460	549	360	549	2	-
	From U.S.	993	673	-685	1,559	89	-643
	Other	467	-124	1,045	-1,010	-87	643
1957	Total	263	441	250	-699	271	-
	From U.S.	-442	-123	-491	620	300	-748
	Other	705	564	741	-1,319	-29	748
1958	Total	4,303	3,797	188	20	298	-
	From U.S.	3,434	1,600	-5	1,752	528	-441
	Other	869	2,197	193	-1,732	-230	441
1959 (1st qtr at annual rate)	Total	4,228	2,920	260	1,061	-13	-
	From U.S.	3,444	2,096	-584	2,644	108	-820
	Other	784	824	844	-1,583	-121	820

1/ Adjusted to exclude transactions between the International Monetary Fund and foreign countries.

2/ Total column excludes "errors and omissions"; area columns include "errors and omissions" but these are not identifiable by individual area and an adjustment is needed to enable area figures to add to all totals.

July 24, 1959

UNITED STATES BALANCE OF PAYMENTS*



*Excludes grant-financed U.S. military supplies and services.

Office of the Secretary of the Treasury

FO-342-2

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UNITED STATES BALANCE OF PAYMENTS*
(In billions of dollars)

Year	Total U. S. Payments	Foreign Payments in U.S. for Goods and Services	Payments Difference (Foreign Gains)	Recorded gold & liquid dollar gains by foreigners	Merchandise Trade	
					U. S. Exports	U. S. Imports
1946	13.3 1/	14.7	-1.4	-1.3	11.7	5.1
1947	18.8 1/	19.7	-1.0	-1.8	16.0	6.0
1948	16.8	16.8	2/	-1.0	13.2	7.6
1949	16.5	15.9	0.7	-0.2	12.1	6.9
1950	17.5	13.9	3.6	3.6	10.1	9.1
1951	19.9	18.9	1.0	0.3	14.1	11.2
1952	19.8	18.1	1.7	1.1	13.3	10.8
1953	19.7	17.1	2.6	2.1	12.3	11.0
1954	19.9	17.9	1.9	1.5	12.8	10.4
1955	21.9	20.0	1.9	1.1	14.3	11.5
1956	25.8	23.7	2.1	1.0	17.4	12.8
1957	27.4	26.7	0.6	-0.5	19.4	13.3
1958	27.1	23.2	3.9	3.4	16.2	12.9
1959 (est.)	28.5 3/	23.2	5.3 3/	4.5 3/	15.9	15.0

Note: Detail may not add to totals because of rounding.

* Excludes grant-financed U.S. military supplies and services.

1/ Includes subscriptions to the International Monetary Fund and to the International Bank amounting to $0.3 billion in 1946 and $3.1 billion in 1947.

2/ Less than $50 million.

3/ Excludes payment of increase in U.S. subscription to the IMF in June amounting to $1,375 million.

Source: Based on data provided by the Department of Commerce.

July 31, 1959

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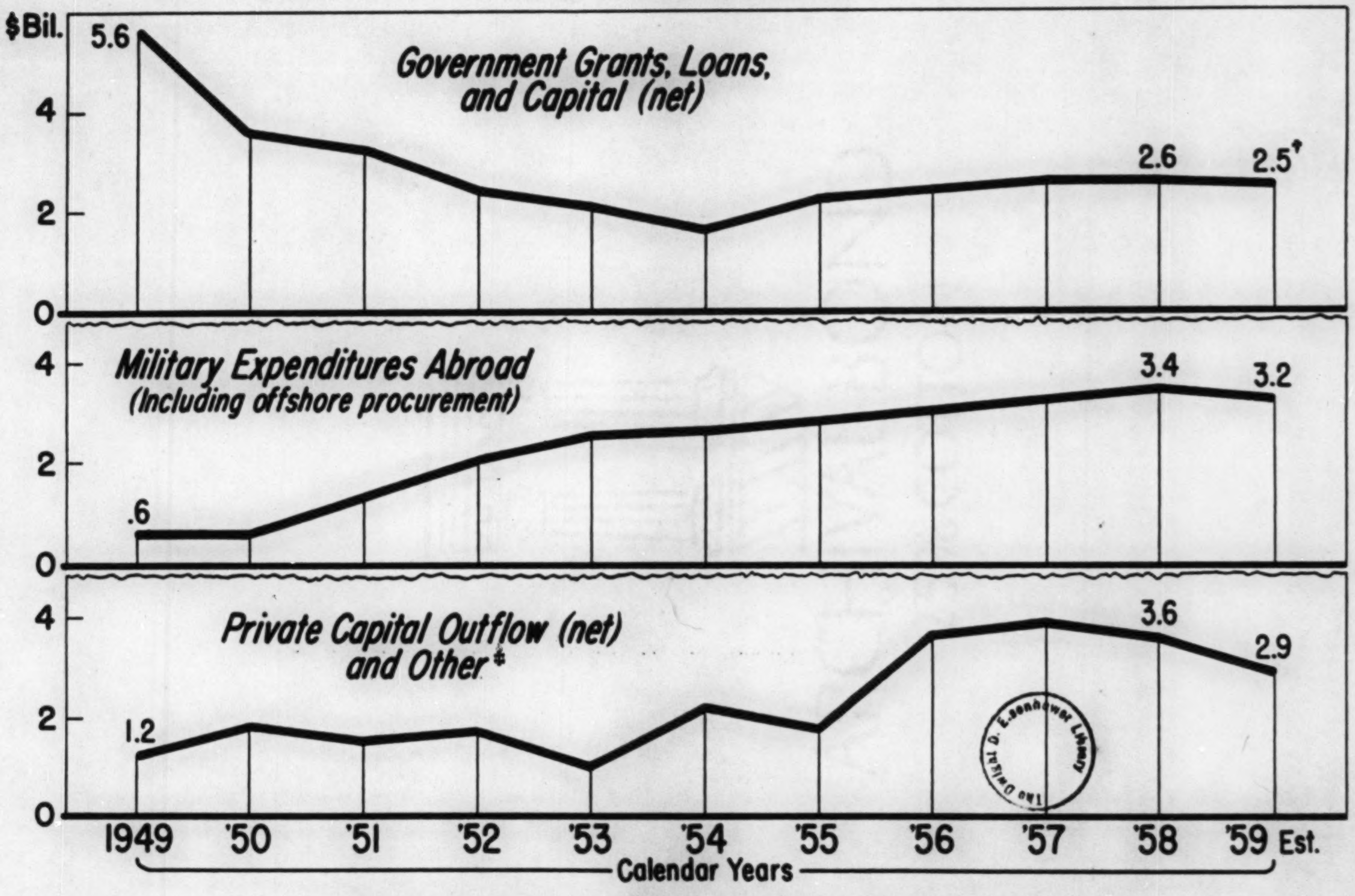
SOURCES OF DOLLARS PROVIDED BY U.S. TO FOREIGNERS*



* Excluding dollars provided through U.S. imports of good and services.

† Excluding U.S. subscription payment of $1.4 billion to IMF.

‡ Including net remittances and pensions.

Office of the Secretary of the Treasury

FO-317-A

Balance of Payments of the United States with All Areas,* Calendar Years 1950-58

(In billions of dollars)

	1950	1951	1952	1953	1954	1955	1956	1957	1958
United States payments:									
Imports of goods and services	11.5	13.9	13.8	14.1	13.5	15.1	16.9	17.8	17.5
(Including non-military merchandise imports of)	(9.1)	(11.2)	(10.8)	(11.0)	(10.4)	(11.5)	(12.8)	(13.3)	(12.9)
Military expenditures abroad	0.6	1.3	2.0	2.5	2.6	2.8	3.0	3.2	3.4
U.S. Government non-military grants, loans, and short-term capital (net)	3.6	3.2	2.4	2.1	1.6	2.2	2.4	2.6	2.6
U.S. private capital outflow (net)	1.3	1.1	1.2	0.4	1.6	1.2	3.0	3.2	2.8
Remittances and pensions (net)	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.7
TOTAL UNITED STATES PAYMENTS	17.5	19.9	19.8	19.7	19.9	21.9	25.8	27.4	27.1
Foreign payments in U.S. for goods & services*	13.9	18.9	18.1	17.1	17.9	20.0	23.7	26.7	23.2
(Including U.S. non-military merchandise exports of)	(10.1)	(14.1)	(13.3)	(12.3)	(12.8)	(14.3)	(17.4)	(19.4)	(16.2)
DIFFERENCE	3.6	1.0	1.7	2.6	1.9	1.9	2.1	0.6	3.9
Long-term foreign investment in U.S.	0.1	0.2	0.1	0.2	0.2	0.3	0.5	0.4	1/
Transactions unaccounted for	1/	0.5	0.5	0.3	0.2	0.4	0.6	0.7	0.4
Recorded foreign gold & liquid dollar gains:									
By foreign countries	3.6	0.3	1.1	2.0	1.3	1.1	1.6	0.3	3.1
Gold and official short-term 2/	2.5	-0.1	0.7	2.2	1.4	0.2	1.0	-0.2	3.0
Other liquid dollar assets 3/	1.1	0.4	0.4	-0.2	-0.1	0.9	0.6	0.5	0.1
By international institutions	1/	0.1	1/	0.1	0.2	0.1	-0.6	-0.7	0.3
TOTAL RECORDED GOLD AND LIQUID DOLLAR GAINS BY FOREIGNERS	3.6	0.3	1.1	2.1	1.5	1.1	1.0	-0.5	3.4
* Excludes net grant-financed military supplies and services of:	0.5	1.5	2.6	4.3	3.2	2.3	2.6	2.4	2.5

Note: Detail may not add to totals because of rounding.

1/ Less than $50 million.

2/ Includes changes in foreign official holdings of short-term dollar assets with U.S. banks.

3/ Represents changes in foreign official and private holdings of U.S. Government bonds and notes, in foreign private holdings of short-term dollar assets with U.S. banks, and in other foreign short-term claims against the U.S., rounded to add to "foreign countries" total.

June 12, 1959

PERSONS SEATED AROUND CABINET TABLE IN PHOTOGRAPH TAKEN AT CABINET MEETING OF AUGUST 7, 1959 (from left to right):

The Honorable Gerald D. Morgan, Deputy Assistant to the President

The Honorable Henry Cabot Lodge, U. S. Representative to the U. N.

The Honorable Fred A. Seaton, Secretary of the Interior

The Honorable Robert B. Anderson, Secretary of the Treasury

The Honorable Richard M. Nixon, Vice President of the United States

The Honorable William P. Rogers, Attorney General

The Honorable Frederick H. Mueller, Secretary of Commerce

The Honorable Arthur S. Flemming, Secretary of Health, Education, and Welfare

The Honorable John A. McCone, Chairman, Atomic Energy Commission

The Honorable Maurice H. Stans, Director, Bureau of the Budget

The Honorable Leo A. Hoegh, Director, Office of Civil and Defense Mobilization

The Honorable James P. Mitchell, Secretary of Labor

The Honorable Arthur E. Summerfield, Postmaster General

The Honorable Christian A. Herter, Secretary of State

The Honorable Dwight D. Eisenhower, President of the United States

The Honorable Neil H. McElroy, Secretary of Defense

The Honorable Ezra Taft Benson, Secretary of Agriculture

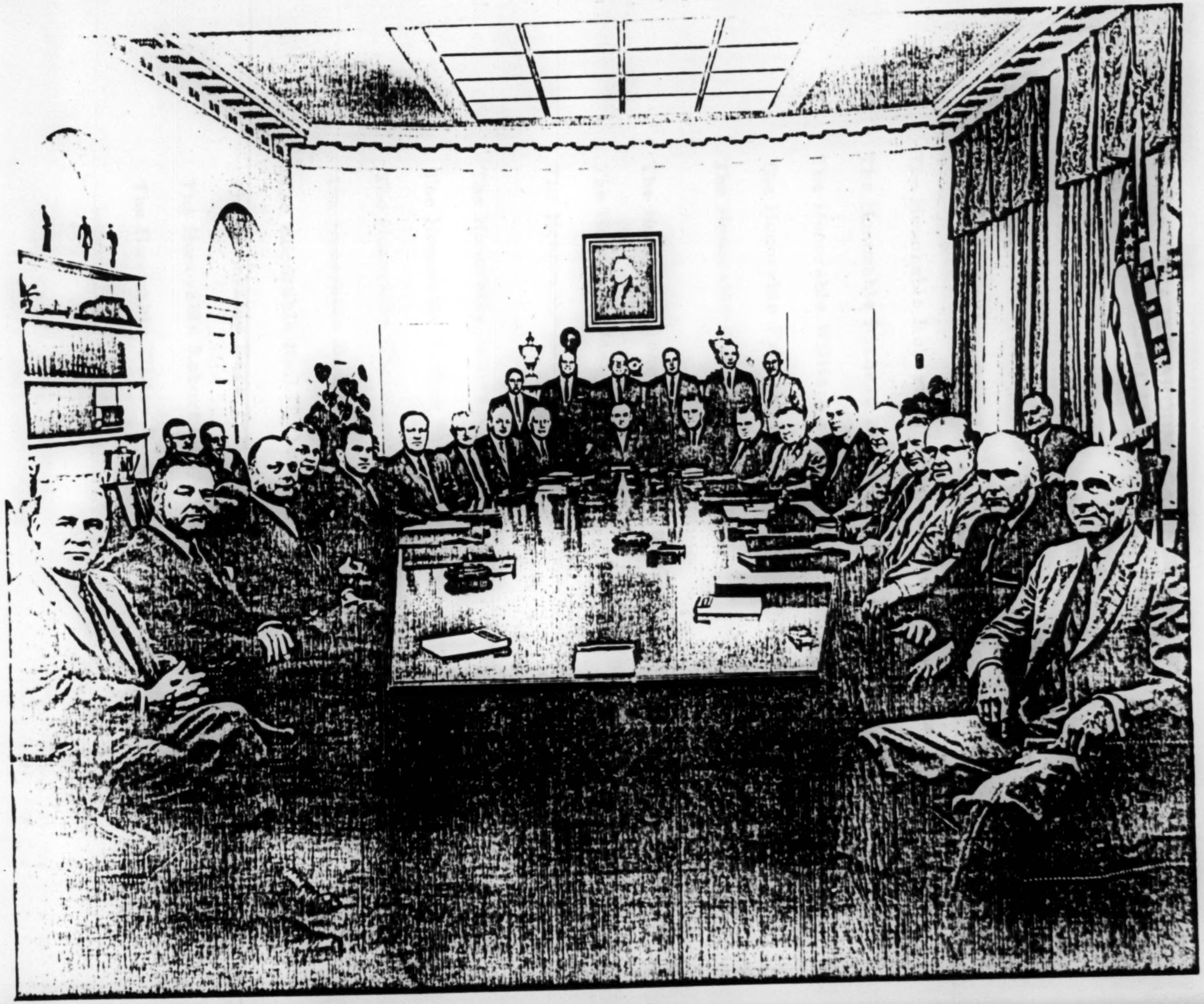
The Honorable Robert Gray, Secretary to the Cabinet

The Honorable Wilton B. Persons, The Assistant to the President

One 8x10 black and white matte photograph of President Dwight D. Eisenhower and members of his Cabinet. Photo taken at the White House on August 7, 1959.

Removed from Box 14, Dwight D. Eisenhower, Papers as President, 1953-61, Cabinet Series; folder--Cabinet Meeting of August 7, 1959.

Photograph turned over to Eisenhower Library audio-visual department--July 1977.



CABINET PAPER—PRIVILEGED

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CA- 59 - 139

September 9, 1959

The White House

Washington

THE CABINET

Agenda

9:00 A. M., Friday, September 11, 1959

1. Remarks About the President's Trip	(Oral)	The President
2. Policies With Respect to Stockpiling	CP-58-78/1 CP-59-78/2 (Tab 1)	Governor Hoegh The Director, Office of Civil and Defense Mobilization
3. Financial Policy for Post-Attack Operations	CP-58-87/1 Section II- H and I CP-59-100 (Tab 2)	William McChesney Martin, The Chairman, Federal Reserve System
4. Budget Presentations	(Oral)	Maurice Stans, The Director, Bureau of the Budget

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By bc NLE, Date 11/20/78

~~CONFIDENTIAL~~

MINUTES OF CABINET MEETING

September 11, 1959
9:00 a.m. -- 10:40 a.m.

The following were present:

President Eisenhower

Mr. Douglas Dillon
  for Sec. Herter
Mr. Fred Scribner
  for Sec. Anderson
Sec. McElroy
AG Rogers
PMG Summerfield
Sec. Seaton
Sec. Benson
Sec. Mitchell
Sec. Mueller
Sec. Flemming

Gov. Hoegh
Director Stans, BoB
  Mr. Ralph Reid

Dr. Saulnier, CEA
Mr. John A. McCone, AEC
Mr. George Allen, USIA
Mr. J. Roy Price, OCDM (part time)
  Mr. Russell H. Hughes (part time)
  Mr. Emil W. Reutzel (part time)

Mr. Wm. McC. Martin, FRS
Mr. Bradford Morse, VA (part time
Mr. Norman Mason, HHFA
Dr. Hugh Dryden, NASA (part time)

Gen. Persons
Major Eisenhower
Mr. Merriam
Mr. Morgan
Mrs. Wheaton
Mr. Harr
Mr. Harlow
Mr. Siciliano
Mr. Kendall
Mr. Gordon Gray
Mr. Robert Gray
Dr. Kistiakowsky
Dr. Paarlberg
Mr. Minnich

Public Works - The President noted that it had not been possible to win all the way on the "pork barrel bill". He said that he was having Messrs. Stans, Seaton and Brucker review the possibility of spacing some of these things out a bit.

President's European Trip - Noting that he had said most of what he wanted to say in his broadcast the preceding evening, the President invited questions from the Cabinet. First, however, he emphasized the great impression made by the crowds who turned out, particularly in the rural Scottish area where "organization" was an impossibility.

Dr. Flemming inquired about the Algeria problem, and the President responded in terms of high praise for De Gaulle and the latter's willingness to allow the Algerians to establish whatever sort of government they like once pacification is achieved. The President hoped De Gaulle's forthcoming statement of specifics would be something the United States

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can support heartily.

The President then noted the extensive economic activity in France, particularly the construction of apartment buildings. He stated that the trip as a whole had been mainly one of reaffirmation, also that there had not been time to discuss certain questions which would have to be handled by correspondence.

The President commented especially on Mr. Macmillan's desire for a Summit meeting even though the United States is maintaining its position of requiring some visible progress before agreeing to go to the Summit.

Khrushchev and Lopez Mateos Visits - The President requested the Cabinet to insure that their Department personnel were excused to observe Mr. Khrushchev's arrival. This was not to say that personnel should be exhorted to behave in any particular manner, but they should be released for the parade.

Regarding the Lopez Mateos visit in October, the President spoke enthusiastically of the latter's highly cooperative spirit and the importance of giving him a grand welcome.

Stockpiling - Gov. Hoegh went over the Cabinet paper, pointing out the history of stockpiling and outlining the current situation as regards excesses. He explained that the excess resulted from the reduced goals as a result of the three-year concept, the change in strategical concepts, the expansion of some sources of supply, and obsolescence of some materials; of a slightly different nature were the excesses resulting from operations under P.L. 480. He presented several charts giving the quantative status of selected materials. He pointed out that at present there are over $7 billion worth of materials in the stockpile, of which $3.76 billion were for filling established objectives; the remainder is excess. Under the proposed plan, $4.22 billion worth would constitute objectives, leaving an excess of $2.95 billion.

Gov. Hoegh repeatedly emphasized that disposal of excesses would be undertaken only if the market conditions for the item were satisfactory and if disposal would not adversely affect our foreign relations. He made clear that it is proposed at this time to sell only natural rubber. There will be further interagency discussions prior to any disposal of aluminum. As regards other minerals, the market is not in satisfactory condition at this time.

Gov. Hoegh also stressed the importance of pressing again next year the general legislation which would eliminate the requirement for a six-month waiting period prior to any disposal.

Gov. Hoegh then went over the specific recommendations in the Cabinet Paper. Following this, Sec. Benson inquired whether the three-year requirement was based on estimates of need in an all out war. Gov. Hoegh said the basis was that of a three-year period of emergency, not necessarily related to the duration of any potential war. The President

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added a word about his own concern with having resources at hand for accomplishing recovery in the event of nuclear attack.

Mr. Stans highly recommended approval since the paper contained all the needed safeguards.

Mr. McElroy suggested that the paper be amended to eliminate the requirement that all the agencies approve each disposal action -- something that would be pretty cumbersome. The President said that concurrence rather than approval would be satisfactory but that specific agreement seemed to be needed. Mr. Flemming concurred with the President's view.

Dr. Flemming inquired whether Sec. Mitchell should be consulted because of the relationship of any strike. Sec. Mitchell indicated that satisfactory arrangements for this were already established.

The paper was approved.

Emergency Fiscal - Monetary Policy - (CP-59-100) - Speaking from the Cabinet paper, Mr. Martin said that the Committee appointed by the President in 1957 had been concerned primarily with problems of solvency, indemnification, and money and credit machinery; after the 1958 exercise they took up also the problem of agency responsibility. The tentative conclusions reached by the Committee were used during the 1959 exercise and they will be in final form after evaluation of this year's exercise is completed.

Mr. Martin reviewed the recommendations for indemnification, noting that some differences of opinion still exist as to the extent to which indemnification should and could be accomplished. Regarding agency responsibility, he stated that all agree that all of the agencies involved have a responsibility for working out the problem under the Chairmanship of Gov. Hoegh. They are also agreed that in a post-attack emergency, the responsibility must be concentrated in the Secretary of Treasury alone; there is, however, some problem left as to the extent to which pre-attack responsibilities and actions overlap the post-attack situation. He noted in passing the suspicion of many local bankers who fear this plan is a subtle attack on the responsibilities of the Federal Reserve.

The President commented that all of these things must be decided on the basis of what can only be estimates of the seriousness of destruction accomplished. Recalling his long standing concern with these things, he went on to set forth his feeling that if so serious an attack occurs as to require imposition of martial law, then it would become a problem of sharing what resources are left without room for much concern about losses. He agreed however that in untouched areas it would be desirable to operate as far as possible under basically normal procedures since the objective is to re-establish the American way of doing things. But in the case of vast distruction in large cities, there might be no reason or possibility for attention to past debts -- even the evidence of them might be destroyed. Mr. Martin concurred in these views, commenting that

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E.O. 11652, Section 1
By bcl NLE, Date 11/20/78

what the paper envisioned was in terms of degrees. He added that there was a need in planning these things to give the maximum degree of reassurances to people to prevent the occurrence of actions disadvantageous to the nation.

The President added that he thought it would be a mistake to regiment everyone and everything completely in untouched areas -- the ideal thing would be to increase the strength of these remaining areas for the greatest benefit of the rest of the country and to do this by getting the people there to work their full speed and full capacity.

In conjunction with Chairman Martin's reply to Sec. Mitchell that no distinction had been made between business debts and personal debts, the President called attention to the terrible result of war and how some people, because of the luck of the draw, are put in uniform and may eventually be killed. In view of this he thought it was ridiculous to worry about money losses. The government would have to be very hardboiled about such things and do whatever would bring the country out of chaos as quickly as possible and without regard to whether anyone went broke, be it farmer or U. S. Steel. It should suffice to be alive.

Sec. McElroy suggested that attention be given to the resources that would be available from overseas investments of Americans. Chairman Martin stated that the Committee had given attention only to domestic aspects and that the overseas investment possibilities might be better considered by the National Advisory Council on International Monetary and Financial Problems.

The President referred briefly to current rediscount rates, and Chairman Martin responded in terms of the elusiveness of appropriate statistics.

Budget Report - Mr. Stans noted happily that the 2% reduction in personnel attempted last fall had now resulted in a situation where employment is 2.2% less than envisioned in appropriations. He commended Agency heads. Further, there had been a slight (518) decrease in the total number of people actually employed. The Defense Department reduction of about 20,000 people had been eaten up largely by necessary increases in the Post Office Department (11,000), and the Aviation Agency (7,600).

Mr. Stans pointed out that the present level of employment is lower than that of 1953 despite the fact that the Post Office Department alone had been forced by population and volume increases to raise its personnel level by nearly 50,000.

Regarding expenditures, Mr. Stans made a quick comparison of Fiscal '59 and its $12 billion deficit with Fiscal '58. The major increases were those of Agriculture ($2.2 billion), the Armed Services ($2.5 billion), and Treasury ($1.4 billion).

Looking to Fiscal 1960, with some Congressional action still unsettled, Mr. Stans could see a total of $2 billion worth of unfavorable developments --

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By GHC NLE, Date 8-12-76

some of them increased expenditures, some inaction on postal rates and user taxes. He foresaw an expenditure total of about $79 billion whereas receipts probably will be in the neighborhood of $78.5 billion.

Mr. Stans called attention to Democratic claims of having reduced the President's budget by $1.8 billion. This was extremely misleading because about half of this consisted of postponements that must be soon fulfilled, and the other half involved NOA. Actually, there would be no net change as a result of Congressional action insofar as FY 60 expenditures are concerned.

Mr. Stans then looked at a list of Congressional actions and failures to act on which he put a price tag of $3.4 billion over the next several years beyond what the President had recommended.

Reverting to personnel, Sec. Benson urged that another 2% reduction by all the agencies be undertaken again this year, for more could be achieved when the entire government is moving together than when an agency tries to reduce on its own initiative. The President added his opinion that there is still room for reduction, especially of those who are inefficient but who manage to survive by virtue of "built-in featherbedding" and personnel regulations. He noted also the expensiveness of trying to respond immediately to every Congressional request for information.

Mr. Rogers felt that the Administration record was even better than it looked since workloads have increased in most instances whereas personnel is somewhat reduced. The President questioned whether that provided much justification for satisfaction since the 1953 basis was not necessarily the proper norm. However, if the Administration could continue to hold down employment, then there might well be justified satisfaction.

Periodicals - Mr. Stans called attention to a new Budget review of periodicals published by the agencies, and he enlisted Cabinet support in the project. Mr. McElroy welcomed the review and hoped that Budget could get rid not only of some periodicals but also some of the innumerable periodic reports that Defense has to make.

L. A. Minnich, Jr.

Copy to:
Mrs. Whitman (2)
Mr. Minnich

CP - 58-78/1

April 22, 1958

The White House

Washington

THE CABINET

General Policies for Stockpiling

The attached approved paper is circulated for action by the Office of Defense Mobilization and the General Services Administration and for the information of the other Departments concerned.

This paper was approved at the Cabinet meeting of April 18, 1958 (RA - 58-102, Item 3).

The attached document incorporates the revisions made immediately prior to and also as a result of the Cabinet discussion; it excludes certain Sections which are to be acted upon by the National Security Council. The policy statements herein are to be considered governed by the agreements and understandings specified in Item 3 of RA - 58-102.

The attached paper, and especially Section 7 hereof, is privileged until and unless the President indicates otherwise; special precautions are requested to preserve the privileged nature of this document.

Cabinet Paper 57-60/1 of February 1, 1957 is herewith superseded.

Maxwell M. Rabb
Secretary to the Cabinet

CABINET PAPER—PRIVILEGED CP - 58-78/1

Property of the White House—For Authorized Persons Only April 22, 1958

The White House

Washington

THE CABINET

General Policies for Stockpiling

This paper presents recommendations resulting from a thorough review of the Government's stockpile policy.

A Special Stockpile Advisory Committee, comprising personnel outside the Government under the chairmanship of Holman D. Pettibone, submitted its recommendations on January 28, 1958. This study was followed by a consideration of stockpile policy by staff in various agencies concerned with stockpiling and finally by the Defense Mobilization Board. The recommendations that follow represent the consensus of that Board and are submitted to the Cabinet for consideration or for information.

1. GENERAL ROLE OF STOCKPILING: Strategic stockpiles shall reflect the potentiality of general war and limited war.

2. CALCULATION OF OBJECTIVES AND REQUIREMENTS: Stockpile objectives for strategic materials shall be adequate for limited or general war, whichever show the larger supply-requirements deficit to be met by stockpiling. The requirements estimates both for limited and general war shall reflect specific requirements so far as they are applicable and available. Otherwise it shall be assumed that the total requirements would about equal the consumption by industrial capacity, considering necessary wartime limitation, conservation, and subtitution measures.

3. CALCULATION OF SUPPLIES: Supply estimates used in the calculation of stockpile goals shall be developed from existing capacity and known resources. The share available to the United States shall be discounted to reflect (1) the strategic vulnerability and possible economic and political instability of foreign sources, (2) overseas shipping losses and (3) vulnerability of domestic sources that are heavily concentrated geographically, including vulnerability to sabotage, providing that requirements are similarly discounted for vulnerability of the industries that consume the particular materials. Domestic supplies shall be discounted for excessive concentration to the extent of the estimated time required to restore the capacity.

4. FREQUENCY OF SUPPLY-REQUIREMENTS REVIEWS: A supply-requirements review shall be undertaken whenever a significant change is believed to be occurring in the supply-requirements balance of a material. Each material shall be kept under continuing surveillance and shall be examined at least annually to ascertain the need for a review. Special attention shall be given to objectives involving current procurement. An interim recalculation of stockpile objectives on a 3-year basis shall be completed immediately.

5. PROVISION FOR SPECIAL-PROPERTY MATERIALS: Prospective needs for high-temperature and other special-property materials shall be considered on the basis of a three-year period starting up to two years in the future but estimates of requirements therefor shall be included in the computation of objectives only when there is clear evidence that they are reasonably firm. In this connection arrangements shall be made for the regular availability of objective scientific advice to assist in such evaluation.

6. UPGRADING OF MATERIALS TO READY USABILITY: Strategic stockpiling shall stress rapid mobilization in the event of an emergency. Where the general basis for estimating supplies of a material, including

allowance for plant vulnerability, does not call for a sufficient quantity in a form suitable for immediate use to meet the initial surge of demand and abnormal condition of intensive mobilization, a minimum readiness inventory required to cope with these circumstances shall be provided near centers of consumption. The inventory shall approximate a 6 months' requirement unless a thorough interagency review demonstrates a need for a larger or lesser allowance. Materials will not be upgraded to such a degree, however, as to impair flexibility of use. Payment in kind may be used to fiance the upgrading within the objectives, provided that the release of materials to pay for the upgrading will meet the disposal criteria.

7. DISPOSAL POLICY: Strategic materials shall be retained so far as they are needed to meet existing maximum stockpile objectives and increases in the maximum objectives likely to occur in the foreseeable future. Disposals of excesses shall not be undertaken if they may cause serious economic disruption or adversely affect the international interests of the United States. Although increased flexibility of authority for disposal is desirable, such flexibility shall not be sought at the present time in view of economic conditions and will be exercised only upon the approval of the President.

8. DISPOSITION OF SUBSPECIFICATION MATERIAL: Subspecification-grade material in Government inventory may be beneficiated within the limits of the "maximum objectives" when this can be accomplished at less net cost than buying new material. When beneficiation of subspecification materials in the Defense Production Act inventory is not feasible or not necessary to reach the objectives, such materials may be disposed of as surplus when this can be done in conformity with disposal criteria. Consideration should be given to the use of subspecification metals and minerals to encourage development of economic processes for treating low-grade domestic ores.

9. CANCELLATION OF CONTRACTS: Commitments for deliveries beyond the "maximum objectives" shall be cancelled when settlements can be arranged that would be mutually satisfactory to the supplier and the Government that would not be disruptive to the economy or to projects essential to the national security and that would protect the financial interests of the Government. Future long-term contracts should contain termination clauses whenever possible.

10. DECLASSIFICATION OF STOCKPILE DATA: The Office of Defense Mobilization shall declassify stockpile data to the maximum extent feasible when it determines after an interagency review that the national security would not thereby be jeopardized.

CABINET PAPER—PRIVILEGED
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CP - 59-78/2

August 20, 1959

The White House

Washington

THE CABINET

Proposed Policy on Strategic Materials

For consideration by the Cabinet, attached is a brief and a Cabinet paper prepared by the Director of the Office of Civil and Defense Mobilization following discussions with the Director, Bureau of the Budget; the Administrator, General Services Administration; and the Civil and Defense Mobilization Board.

This paper constitutes the proposed Administration position on stockpile disposals and contains seven specific recommendations.

In addition to the Cabinet paper and brief, there is attached an Office of Civil and Defense Mobilization staff report (classified SECRET), and Defense Mobilization Order V-7, entitled "General Policies for the Stockpile of Strategic and Critical Materials."

In considering the attached recommendations, the attention of Cabinet members is called to CP - 58-78/1.

Robert Gray
Secretary to the Cabinet

CABINET PAPER
For Consideration

CABINET PAPER—PRIVILEGED CP - 59-78/2

Property of the White House—For Authorized Persons Only

August 20, 1959

THE CABINET

PROPOSED POLICY ON STRATEGIC MATERIALS

BRIEF

Problem: What policy should the Government adopt for acquiring, managing, and disposing of its stockpile of strategic materials in the light of national emergencies that may arise and the current situation on strategic materials?

Discussion: In recent years the Cabinet has considered problems of the strategic stockpile on a number of occasions. For example, in February 1957 it recommended retention of stockpiled materials except where it could be demonstrated beyond a reasonable doubt that a material could no longer be classified as strategic (RA-57-66).

In April 1958 it endorsed comprehensive "general policies for stockpiling", later reflected in Defense Mobilization Order V-7 (RA-58-102 and CP-58-78/1).

In April 1959 it recommended against disposals of excess copper at the time and called on the Office of Civil and Defense Mobilization to prepare for Cabinet consideration a comprehensive review and present recommendations regarding the Government's stockpile and related policy problems.

The attached paper submitted in response to this request points out that the strategic stockpile is an industrial materials inventory for meeting military, defense-supporting and essential civilian needs. The stockpile originated because of experience of the U.S. in attempting to rely on foreign sources of materials in an emergency. Although this problem still exists, changes in the technology of warfare have magnified the risks of domestic damage. Needs and supply capabilities for materials under these conditions require further analysis before drawing firm conclusions on stockpile requirements.

Strategic stockpile objectives initially were calculated to meet a 5-year deficit but were cut back to 3 years following a review by the Executive Branch in the light of a study by the Special Stockpile Advisory Committee. Stockpile objectives have generally been reduced in the past several years with the result that the total Government inventories in many instances exceed the objectives. Consequently, the Government must decide what should be done with these estimated excesses.

Recommendations:

1. Determination of Stockpile Objectives. Determine stockpile objectives on the basis of time required for supplies of materials in a national emergency to match essential needs of the emergency. Until such time as the requirements for the essential needs of the nation after a nuclear attack (including reconstruction) can be determined by a pending OCDM study, the period of emergency used as a basis for planning will be limited to a maximum of three years; provided that, until such determination is made, the maximum objective shall not be less than six months' usage by industry in the U.S. in periods of active demand.

2. Disposal of Excesses. Retain materials to meet maximum stockpile objectives and clearly foreseeable increases thereof. Dispose of excesses after appropriate consultation with the industries and agencies concerned whenever it would not seriously disrupt usual markets of producers, processors and consumers or adversely affect international interests of the U.S. Generally expedite

disposals of excess materials that deteriorate, that are likely to become obsolete, or that do not meet quality standards.

3. New Legislation. Submit proposed legislation, subject to interagency clearance, to achieve better coordination and management of the diverse stockpile programs.

4. Relationship to Barter. Continue using barter to obtain materials within strategic stockpile objectives. Consider establishing more definite standards for determining when to barter for materials beyond maximum objectives and when to sell materials already on hand. Avoid simultaneous barter and sale of identical materials.

5. Government Use of Excess Materials. Require Government organizations which use strategic materials directly to use excess inventories when this would be consistent with the over-all disposal policy and in the best interest of the Government.

6. Preference to Disposal of DPA inventories. Give preference to disposal of excess materials from Defense Production Act inventories, provided that this does not conflict with mobilization objectives.

7. Cancellation of Commitments. Continue to seek mutually satisfactory cancellation of contracts to deliver excess materials and include possible cancellation by payment of above-market premiums specified in the contracts. This would include payments to contractors on account of anticipated net profits. Negotiations to that end should be conducted in the light of over-all interests of the Government and in the light of possible contract adjustments through cash payment, payment in kind, or barter of excess property.

Implementation: If approved, the Office of Civil and Defense Mobilization will initiate actions, in cooperation with the agencies concerned, to carry out the above recommendations.

Concurrences: Director, Office of Civil and Defense Mobilization, BoB and GSA. Civil and Defense Mobilization Board, except that Interior does not concur in Recommendations 2 and 5 in their present form. It should be noted that the proposed legislation referred to in Recommendation 3 has not been considered in detail by CDMB and is subject to interagency clearance.

Attachments: Cabinet paper on "Proposed Policy on Strategic Materials".
OCDM staff paper on "The Program for Strategic Materials".
Defense Mobilization Order V-7, dated June 30, 1958, "General Policies for the Stockpile of Strategic and Critical Materials".

CP - 59-78/2

August 20, 1959

THE CABINET

PROPOSED POLICY ON STRATEGIC MATERIALS

Problem: Various questions have arisen on strategic materials policy. What should continue to be the basis of stockpiling in the light of the prospective needs and supply capabilities for materials in national emergencies? What should be done about disposal of excess stocks of materials? Should surplus inventories be channeled to Government users, such as the Bureau of the Mint and arsenals? What preference should be given to disposals from the Defense Production Act inventory? Should a more intensive effort be made to cancel contracts for delivery of materials in excess of stockpile objectives?

Discussion:

1. Character of the Strategic Stockpile

The strategic stockpile has been accumulated as an industrial materials inventory for meeting military, defense-supporting and essential civilian needs. It contains raw and semi-processed forms of minerals, metals, industrial oils, fibers and certain other materials such as crude natural rubber that are basic to manufacturing. It is not an end-product stockpile to be used directly by ultimate consumers.

2. History of the Strategic Stockpile

The strategic stockpile originated because of experience of the U.S. in relying on foreign sources of supply for materials that are indispensable to meeting military and other essential needs of the U.S. in time of emergency. The U.S., despite its enormous productive capacity, is seriously deficient in some raw materials. This problem of dependence is recognized in the first section of the postwar Stock Piling Act passed in 1946.

The U.S. is completely dependent on foreign areas for one-third of the 75 materials on the current stockpile list. It is completely self-sufficient in peacetime in only 3 of the materials. These are molybdenum, magnesium and vanadium. In other cases, the U.S. has varying degrees of foreign dependence.

The strategic stockpile as originally established under the Stock Piling Act was on a 5-year basis and had only one set of objectives which assumed partial dependence on foreign sources.

In 1954 following a review by a Cabinet Committee on Mineral Policy, long-term objectives were added which completely discounted for a 5-year period the supplies originating beyond North America and comparably accessible areas. In the same year, the one-year rule was introduced which provided that when a metal or mineral is declared to be strategic and critical the long-term stockpile objective shall not be less than 1 year's normal U.S. use.

Also in 1954 the Agricultural Trade Development and Assistance Act was passed which provided for accelerated barter of agricultural commodities for strategic materials on the assumption that it is better to have non-deteriorating materials with low storage costs than to retain surplus agricultural commodities that are subject to deterioration and have high storage costs.

Early in 1956, all cash purchasing for the strategic stockpile was cut back to meeting needs for a 3-year emergency period, but minimum and long-term objectives were kept on a 5-year basis.

On June 30 last year, the planning period for all stockpile objectives was reduced from 5 years to 3 years. This cutback followed an extensive review by the Special Stockpile Advisory Committee (Pettibone Committee) and by the Executive Branch.

3. Basis of the Strategic Stockpile Objectives

Strategic stockpile objectives generally represent estimated deficits of materials for an emergency period after taking account of the availability of materials from domestic production and imports under emergency conditions.

Requirements are computed to reflect military, defense-supporting and essential civilian needs of the U.S. in emergencies. An allowance may be made for exports where the U.S. is the essential source of supply. For example, in molybdenum the U.S. produces most of the total world supply. Therefore, our allies would be dependent on the U.S. for this material.

Estimates of supplies for the emergency period are based on the world-wide availability of materials and the vulnerability of the sources of supply under emergency conditions. Discounts are applied to reflect the risks involved internally in supply countries, the risks of concentration of the source, the risks of overseas shipping and the vulnerability of domestic sources to destruction.

The difference between the requirements estimate and supply estimate is the deficit to be met by stockpiling, unless other measures provide a better solution.

Stockpile objectives are computed at two levels: the basic objective level, which assumes partial dependence on areas beyond North America and comparably accessible areas, and the maximum objective level, which provides a higher degree of security by completely discounting sources beyond North America and comparably accessible areas.

Cash procurement for the strategic stockpile is generally limited to meeting the basic objectives. Only 3 relatively minor materials are now included in the procurement program. These are jewel bearings, diamond dies and amosite asbestos.

4. Requirements for Strategic Materials and Over-all Status of Government Inventories

The grand total requirements for strategic materials would amount to about $15 billion for a 3-year emergency, or about $5 billion per year, at December 31, 1958 prices. This requirement is somewhat below the over-all industrial potential of the U.S.

Domestic production would be relied upon to provide considerably more than half the total supply of strategic materials required. This estimate allows for possible loss of the production base where there is extreme concentration of capacity but does not yet include allowances otherwise for massive nuclear damage.

Imports of strategic materials from nearby areas would be relied upon to provide $2.3 billion in materials in the 3-year emergency.

After allowing for U.S. production and nearby imports (excluding overseas sources), about $4 billion in strategic materials would need to be supplied by the strategic stockpile.

Total Government inventories of strategic materials amounted to about $7.2 billion on December 31, 1958, valued at market prices as of that date. The composition of the inventory was as follows, in millions of dollars:

Stockpile-Grade Materials Having Objectives	
Strategic stockpile	$ 5,777
Defense Production Act inventory	632
Supplemental stockpile	327
Commodity Credit Corp. inventory (obtained by barter)	245
Tin inventory (residual from Texas smelter)	9
Department of the Interior inventory (domestic purchases)	13
Materials Not Meeting Specifications or Having Objectives	170
	$ 7,173

The total quantity of strategic materials on order for all Government programs, including barter, was about $865 million on December 31.

Thus the total market value of materials on hand or on order was about $8 billion or about twice the total of the present maximum stockpile objectives.

In view of this status of the strategic materials programs, the two chief problems now relate to (1) the size and character of the stockpile needed in the light of present-day conditions and (2) policy on disposal of materials that are not needed. These problems and collateral policy problems are discussed below.

Recommendations:

Recommendation #1. Determination of Strategic Stockpile Objectives

Determine stockpile objectives on the basis of time required for supplies of materials in a national emergency to match essential needs of the emergency. Until such time as the essential needs of the nation after a nuclear attack (including reconstruction) can be determined by a pending OCDM study, the period of emergency used as a basis for planning will be limited to a maximum of three years; provided that, until such determination is made, the maximum objective shall not be less than six months' usage by industry in the United States in periods of active demand.

Defense Mobilization Order V-7, issued on June 30, 1958, provided for reducing all stockpile objectives from a 5-year to a 3-year basis. The period applies to various national emergencies during which deficiencies of the supply of basic materials for industry may occur. This action was taken after a review by the Pettibone Committee, Interdepartmental Materials Advisory Committee, Defense Mobilization Board and National Security Council. The period is being restudied by the National Security Council and is subject to change. Pending a determination of needs after a nuclear attack on the U.S., the planning period would be limited to 3 years, but a shorter period would be used where an analysis would lead to the conclusion that supplies could feasibly match requirements in less than 3 years. (Some of the stockpile objectives currently assume a deficit of supply only over a period of 6 months to 2 years until capacity can be restored to adequate levels or alternate materials can be utilized.)

The recommendation also recognizes that a deficit of materials supply may occur after a nuclear attack on the U.S. Such a deficit, of course, could never be larger than the consuming capacity of industry as rehabilitated and would need to take into account also rehabilitated supply capacity. After a devastating attack, some stockpiles of basic industrial materials in or near consuming areas doubtless would be needed. Generally stockpile objectives established for an emergency short of an attack on the U.S. would be adequate for an emergency after an attack. In some cases, however, the objectives calculated to meet the first contingency are so small that their adequacy for the second contingency may be questionable. The recommendation provides, therefore, that until the needs after a nuclear attack, including those for reconstruction, have been determined, the maximum objectives shall be not less than 6 months' usage of the materials by industry in periods of active demand. This level of the maximum objectives would not require any new purchases but would require retaining some materials that otherwise would be regarded as surplus.

Recommendation #2. Disposal of Excesses

Retain materials to meet maximum stockpile objectives and clearly foreseeable increases thereof. Dispose of excesses after appropriate consultation with the industries and agencies concerned whenever it would not seriously disrupt usual markets of producers, processors and consumers or adversely affect international interests of the U.S. Generally expedite disposals of excess materials that deteriorate, that are likely to become obsolete, or that do not meet quality standards.

The Stock Piling Act requires that disposals of materials from the stockpile shall give due consideration to protection against disruption of usual markets, and current policy requires that similar protection be provided for disposals from the Defense Production Act inventory. Current policy also requires that disposals shall not adversely affect the international interests of the U.S. Continuation of these policies is recommended.

Expeditious disposal would be favored for (1) materials that are subject to deterioration or obsolescence, (2) nonspecification-grade materials and (3) materials that do not have stockpile objectives. In the case of deteriorating materials, measures other than stockpiling, such as research to develop readily-available substitutes, should be emphasized for meeting emergency needs. Materials that are not directly applicable to objectives also should be available for disposal.

In the case of surplus specification-grade nondeteriorating materials, which are mostly metals and minerals, consideration may be given to such factors as increasing essentiality in the light of technological change, special usefulness for reconstruction after a nuclear attack, depletion of reserves, the extent of the surplus, and the desirability of limiting disposal to use of the materials in Government programs or to sale to industry in periods of shortage.

Recommendation #3. New Legislation

Submit proposed legislation, subject to interagency clearance, to achieve better coordination and management of the diverse stockpile programs.

The Stock Piling Act has not been revised since its enactment in 1946. Meanwhile other stockpile legislation has been added piecemeal. It is believed that a general revision of the legislation should be submitted to recognize changed conditions, especially the greater domestic hazard resulting from nuclear warfare, and to coordinate the various enactments relating to the strategic stockpile, Defense Production Act inventory, supplemental stockpile, and the residual tin inventory accumulated from the operation of the Texas City tin smelter. Proposed legislation has already been partly cleared with agencies concerned. This proposed legislation should be completed and submitted to Congress.

Recommendation #4. Relationships Between Disposals and Barter

Continue using barter to obtain materials within strategic stockpile objectives. Consider establishing more definite standards for determining when to barter for materials beyond maximum objectives and when to sell materials already on hand. Avoid simultaneous barter and sale of identical materials.

Barter should continue to be used to reduce the Government's cash outlays for the strategic stockpile. Beyond that, there is a need for coordinating barter acquisition policy with disposal policy for strategic materials. Should the Government, for example, barter for more metallurgical manganese or sell a part of the inventory already on hand?

Recommendation #5. Government Use of Excess Materials

Require Government organizations which use strategic materials directly to use excess inventories when this would be consistent with the over-all disposal policy and in the best interest of the Government.

Channeling of excess strategic materials to Government agencies, such as the Bureau of the Mint, Atomic Energy Commission and arsenals, which are direct users of such materials should be authorized when feasible and consistent with general disposal policy. Required use of the materials in prime contracts and especially in subcontracts, however, is considered to be inadvisable because the quantities on individual contracts would be small and probably would add to the cost of the contracts by departing from normal supply channels, introduce uncertainty that the precise qualities of materials needed could be obtained readily, and unjustifiably complicate the bookkeeping involved. Also such required use would have substantially the same effect as an outright disposal.

Recommendation #6. Preference to Disposal of Defense Production Act Inventories

Give preference to disposal of excess materials from Defense Production Act inventories, provided that this does not conflict with mobilization objectives.

Disposals of DPA materials do not require referral to Congress or the giving of 6 months' notice. Preference to disposal of such materials is deemed desirable if consistent with defense objectives, such as retention of the most suitable quality materials or materials in the more secure locations.

Recommendation #7. Cancellation of Commitments

Continue to seek mutually satisfactory cancellation of contracts to deliver excess materials and include possible cancellation by payment of above-market premiums specified in the contracts. This would include payments to contractors on account of anticipated net profits. Negotiations to that end should be conducted in the light of over-all interests of the Government and in the light of possible contract adjustments through cash payment, payment in kind, or barter of excess property.

Current policy authorizing cancellation of deliveries in excess of objectives has functioned satisfactorily, but very little more can be accomplished by further negotiation unless some additional incentives are included.

Implementation: If approved, the Office of Civil and Defense Mobilization will initiate actions, in cooperation with the agencies concerned, to carry out the above recommendations.

Concurrences: Director, Office of Civil and Defense Mobilization, BoB and GSA. Civil and Defense Mobilization Board, except that Interior does not concur in Recommendations 2 and 5 in their present form. It should be noted that the proposed legislation referred to in Recommendation 3 has not been considered in detail by CDMB and is subject to interagency clearance.

Attachments: OCDM staff paper on "The Program for Strategic Materials".
Defense Mobilization Order V-7, dated June 30, 1958, "General Policies for the Stockpile of Strategic and Critical Materials".

CABINET PAPER—PRIVILEGED
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CP - 59-78/2

September 10, 1959
(Revision of August 20,
1959 paper)

The White House
Washington

THE CABINET

Proposed Policy on Strategic Materials

For consideration by the Cabinet, attached is a revised brief and Cabinet paper prepared by the Director of the Office of Civil and Defense Mobilization following discussions with the Director, Bureau of the Budget; the Administrator, General Services Administration; and the Civil and Defense Mobilization Board.

This paper constitutes the proposed Administration position on stockpile disposals and contains six specific recommendations.

Principal changes include rewording of Recommendation 2 and deletion of Recommendation 6 from the August 20 paper.

The Office of Civil and Defense Mobilization staff report (classified SECRET), and Defense Mobilization Order V-7, entitled "General Policies for the Stockpile of Strategic and Critical Materials," should be removed from the August 20 paper and attached to the revised version.

In considering the attached recommendations, the attention of Cabinet members is called to CP - 58-78/1.

Robert Gray
Secretary to the Cabinet

CABINET PAPER
For Consideration

CP - 59-78/2

CABINET PAPER—PRIVILEGED

September 10, 1959

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THE CABINET

PROPOSED POLICY ON STRATEGIC MATERIALS

BRIEF

Problem: What policy should the Government adopt for acquiring, managing, and disposing of its stockpile of strategic materials in the light of national emergencies that may arise and the current situation on strategic materials?

Discussion: In recent years the Cabinet has considered problems of the strategic stockpile on a number of occasions. For example, in February 1957 it recommended retention of stockpiled materials except where it could be demonstrated beyond a reasonable doubt that a material could no longer be classified as strategic (RA - 57-66).

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The attached paper submitted in response to this request points out that the strategic stockpile is an industrial materials inventory for meeting military, defense-supporting and essential civilian needs. The stockpile originated because of experience of the U. S. in attempting to rely on foreign sources of materials in an emergency. Although this problem still exists, changes in the technology of warfare have magnified the risks of domestic damage. Needs and supply capabilities for materials under these conditions require further analysis before drawing firm conclusions on stockpile requirements.

Strategic stockpile objectives initially were calculated to meet a 5-year deficit but were cut back to 3 years following a review by the Executive Branch in the light of a study by the Special Stockpile Advisory Committee. Stockpile objectives have generally been reduced in the past several years with the result that the total Government inventories in many instances exceed the objectives. Consequently, the Government must decide what should be done with these estimated excesses.

Recommendations:

1. Determination of Stockpile Objectives. Determine stockpile objectives on the basis of time required for supplies of materials in a national emergency to match essential needs of the emergency. Until such time as the requirements for the essential needs of the nation after a nuclear attack (including reconstruction) can be determined by a pending OCDM study, the period of emergency used as a basis for planning will be limited to a maximum of three years; provided that, until such determination is made, the maximum objective shall not be less than six months' usage by industry in the U. S. in periods of active demand.

2. Disposal of Excesses. "Dispose of excesses whenever possible under the following conditions: (a) approval of Departments of Interior, Commerce, State, Agriculture, Defense, and other agencies concerned, (b) appropriate consultation with the industries concerned, (c) avoidance of serious disruption to usual markets of producers, processors, and consumers, (d) avoidance of adverse effects on international interests of the U. S., and (e) preference to disposal of excess materials from DPA inventories. Generally expedite disposals of excess materials that deteriorate, that are likely to become obsolete, or that do not meet quality standards."

3. New Legislation. At appropriate time, submit proposed legislation, subject to inter-agency clearance, to achieve better coordination and management of the diverse stockpile programs.

4. Relationship to Barter. Continue using barter to obtain materials within strategic stockpile objectives. Consider establishing more definite standards for determining when to barter for materials beyond maximum objectives. Avoid simultaneous barter and sale of identical materials.

5. Government Use of Excess Materials. Require Government organizations which use strategic materials directly to use excess inventories when this would be consistent with the over-all disposal policy and in the best interest of the Government.

6. Cancellation of Commitments. Continue to seek mutually satisfactory cancellation of contracts to deliver excess materials and include possible cancellation by payment of above-market premiums specified in the contracts. This would include payments to contractors on account of anticipated net profits. Negotiations to that end should be conducted in the light of over-all interests of the Government and in the light of possible contract adjustments through cash payment, payment in kind, or barter of excess property.

Implementation: If approved, the Office of Civil and Defense Mobilization will initiate actions, in cooperation with the agencies concerned, to carry out the above recommendations.

Concurrences: Office of Civil and Defense Mobilization, B o B, and GSA, and all members of the Civil and Defense Mobilization Board concur in the Recommendations as amended.

Attachments: Cabinet paper on "Proposed Policy on Strategic Materials".
OCDM staff paper on "The Program for Strategic Materials".
Defense Mobilization Order V-7, dated June 30, 1958,
"General Policies for the Stockpile of Strategic and
Critical Materials".

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CP - 59-78/2

September 10, 1959

THE CABINET

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Discussion:

1. Character of the Strategic Stockpile

The strategic stockpile has been accumulated as an industrial materials inventory for meeting military, defense-supporting and essential civilian needs. It contains raw and semi-processed forms of minerals, metals, industrial oils, fibers and certain other materials such as crude natural rubber that are basic to manufacturing. It is not an end-product stockpile to be used directly by ultimate consumers.

2. History of the Strategic Stockpile

The strategic stockpile originated because of experience of the U.S. in relying on foreign sources of supply for materials that are indispensable to meeting military and other essential needs of the U.S. in time of emergency. The U.S., despite its enormous productive capacity, is seriously deficient in some raw materials. This problem of dependence is recognized in the first section of the postwar Stock Piling Act passed in 1946.

The U.S. is completely dependent on foreign areas for one-third of the 75 materials on the current stockpile list. It is completely self-sufficient in peacetime in only 3 of the materials. These are molybdenum, magnesium and vanadium. In other cases, the U.S. has varying degrees of foreign dependence.

The strategic stockpile as originally established under the Stock Piling Act was on a 5-year basis and had only one set of objectives which assumed partial dependence on foreign sources.

In 1954 following a review by a Cabinet Committee on Mineral Policy, long-term objectives were added which completely discounted for a 5-year period the supplies originating beyond North America and comparably accessible areas. In the same year, the one-year rule was introduced which provided that when a metal or mineral is declared to be strategic and critical the long-term stockpile objective shall not be less than 1 year's normal U.S. use.

Also in 1954 the Agricultural Trade Development and Assistance Act was passed which provided for accelerated barter of agricultural commodities for strategic materials on the assumption that it is better to have non-deteriorating materials with low storage costs than to retain surplus agricultural commodities that are subject to deterioration and have high storage costs.

Early in 1956, all cash purchasing for the strategic stockpile was cut back to meeting needs for a 3-year emergency period, but minimum and long-term objectives were kept on a 5-year basis.

On June 30 last year, the planning period for all stockpile objectives was reduced from 5 years to 3 years. This cutback followed an extensive review by the Special Stockpile Advisory Committee (Pettibone Committee) and by the Executive Branch.

3. Basis of the Strategic Stockpile Objectives

Strategic stockpile objectives generally represent estimated deficits of materials for an emergency period after taking account of the availability of materials from domestic production and imports under emergency conditions.

Requirements are computed to reflect military, defense-supporting and essential civilian needs of the U.S. in emergencies. An allowance may be made for exports where the U.S. is the essential source of supply. For example, in molybdenum the U.S. produces most of the total world supply. Therefore, our allies would be dependent on the U.S. for this material.

Estimates of supplies for the emergency period are based on the world-wide availability of materials and the vulnerability of the sources of supply under emergency conditions. Discounts are applied to reflect the risks involved internally in supply countries, the risks of concentration of the source, the risks of overseas shipping and the vulnerability of domestic sources to destruction.

The difference between the requirements estimate and supply estimate is the deficit to be met by stockpiling, unless other measures provide a better solution.

Stockpile objectives are computed at two levels: the basic objective level, which assumes partial dependence on areas beyond North America and comparably accessible areas, and the maximum objective level, which provides a higher degree of security by completely discounting sources beyond North America and comparably accessible areas.

Cash procurement for the strategic stockpile is generally limited to meeting the basic objectives. Only 3 relatively minor materials are now included in the procurement program. These are jewel bearings, diamond dies and amosite asbestos.

4. Requirements for Strategic Materials and Over-all Status of Government Inventories

The grand total requirements for strategic materials would amount to about $15 billion for a 3-year emergency, or about $5 billion per year, at December 31, 1958 prices. This requirement is somewhat below the over-all industrial potential of the U.S.

Domestic production would be relied upon to provide considerably more than half the total supply of strategic materials required. This estimate allows for possible loss of the production base where there is extreme concentration of capacity but does not yet include allowances otherwise for massive nuclear damage.

Library

Imports of strategic materials from nearby areas would be relied upon to provide $2.3 billion in materials in the 3-year emergency.

After allowing for U.S. production and nearby imports (excluding overseas sources), about $4 billion in strategic materials would need to be supplied by the strategic stockpile.

Total Government inventories of strategic materials amounted to about $7.2 billion on December 31, 1958, valued at market prices as of that date. The composition of the inventory was as follows, in millions of dollars:

Stockpile-Grade Materials Having Objectives	
Strategic stockpile	$ 5,777
Defense Production Act inventory	632
Supplemental stockpile	327
Commodity Credit Corp. inventory (obtained by barter)	245
Tin inventory (residual from Texas smelter)	9
Department of the Interior inventory (domestic purchases	13
Materials Not Meeting Specifications or Having Objectives	170
	$ 7,173

The total quantity of strategic materials on order for all Government programs, including barter, was about $865 million on December 31.

Thus the total market value of materials on hand or on order was about $8 billion or about twice the total of the present maximum stockpile objectives.

In view of this status of the strategic materials programs, the two chief problems now relate to (1) the size and character of the stockpile needed in the light of present-day conditions and (2) policy on disposal of materials that are not needed. These problems and collateral policy problems are discussed below.

Recommendations:

Recommendation #1. Determination of Strategic Stockpile Objectives.

Determine stockpile objectives on the basis of time required for supplies of materials in a national emergency to match essential needs of the emergency. Until such time as the essential needs of the nation after a nuclear attack (including reconstruction) can be determined by a pending OCDM study, the period of emergency used as a basis for planning will be limited to a maximum of three years; provided that, until such determination is made, the maximum objective shall not be less than six months' usage by industry in the United States in periods of active demand.

Defense Mobilization Order V-7, issued on June 30, 1958, provided for reducing all stockpile objectives from a 5-year to a 3-year basis. The period applies to various national emergencies during which deficiencies of the supply of basic materials for industry may occur. This action was taken after a review by the Pettibone Committee, Interdepartmental Materials Advisory Committee, Defense Mobilization Board and National Security Council. The period is being restudied by the National Security Council and is subject to change. Pending a determination of needs after a nuclear attack on the U. S., the planning period would be limited to 3 years, but a shorter period would be used where an analysis would lead to the conclusion that supplies could feasibly match requirements in less than 3 years. (Some of the stockpile objectives currently assume a deficit of supply only over a period of 6 months to 2 years until capacity can be restored to adequate levels or alternate materials can be utilized.)

The recommendation also recognizes that a deficit of materials supply may occur after a nuclear attack on the U. S. Such a deficit, of course, could never be larger than the consuming capacity of industry as rehabilitated and would need to take into account also rehabilitated supply capacity. After a devastating attack, some stockpiles of basic industrial materials in or near consuming areas doubtless would be needed. Generally stockpile objectives established for an emergency short of an attack on the U. S. would be adequate for an emergency after an attack. In some cases, however, the objectives calculated to meet the first contingency are so small that their adequacy for the second contingency may be questionable. The recommendation provides, therefore, that until the needs after a nuclear attack, including those for reconstruction, have been determined, the maximum objectives shall be not less than 6 months' usage of the materials by industry in periods of active demand. This level of the maximum objectives would not require any new purchases but would require retaining some materials that otherwise would be regarded as surplus.

"In establishing requirements of specification-grade nondeteriorating materials, which are mostly metals and minerals, consideration may be given to such factors as increasing essentiality in the light of technological change, special usefulness for reconstruction after a nuclear attack, depletion of reserves, and other pertinent factors."

Recommendation #2. Disposal of Excesses

"Dispose of excesses whenever possible under the following conditions: (a) approval of Departments of Interior, Commerce, State, Agriculture, Defense, and other agencies concerned, (b) appropriate consultation with the industries concerned, (c) avoidance of serious disruption to usual markets of producers, processors, and consumers, (d) avoidance of adverse effects on international interests of the U.S., and (e) preference to disposal of excess materials from DPA inventories. Generally expedite disposals of excess materials that deteriorate, that are likely to become obsolete, or that do not meet quality standards."

The Stock Piling Act requires that disposals of materials from the stockpile shall give due consideration to protection against disruption of usual markets, and current policy requires that similar protection be provided for disposals from the Defense Production Act inventory. Current policy also requires that disposals shall not adversely affect the international interests of the U.S. Continuation of these policies is recommended.

Expeditious disposal would be favored for (1) materials that are subject to deterioration or obsolescence, (2) nonspecification-grade materials and (3) materials that do not have stockpile objectives. In the case of deteriorating materials, measures other than stockpiling, such as research to develop readily-available substitutes, should be emphasized for meeting emergency needs. Materials that are not directly applicable to objectives also should be available for disposal.

Recommendation #3. New Legislation

At appropriate time submit proposed legislation, subject to interagency clearance, to achieve better coordination and management of the diverse stockpile programs.

The Stock Piling Act has not been revised since its enactment in 1946. Meanwhile other stockpile legislation has been added piecemeal. It is believed that a general revision of the legislation should be submitted to recognize changed conditions, especially the greater domestic hazard resulting from nuclear warfare, and to coordinate the various enactments relating to the strategic stockpile, Defense Production Act inventory, supplemental stockpile, and the residual tin inventory accumulated from the operation of the Texas City tin smelter. Proposed legislation has already been partly cleared with agencies concerned. This proposed legislation should be completed and submitted to Congress.

Recommendation #4. Relationships Between Disposals and Barter

Continue using barter to obtain materials within strategic stockpile objectives. Consider establishing more definite standards for determining when to barter for materials beyond maximum objectives. Avoid simultaneous barter and sale of identical materials.

Barter should continue to be used to reduce the Government's cash outlays for the strategic stockpile. Beyond that, there is a need for coordinating barter acquisition policy with disposal policy for strategic materials. Should the Government, for example, barter for more metallurgical manganese or sell a part of the inventory already on hand?

Recommendation #5. Government Use of Excess Materials

Require Government organizations which use strategic materials directly to use excess inventories when this would be consistent with the over-all disposal policy and in the best interest of the Government.

Channeling of excess strategic materials to Government agencies, such as the Bureau of the Mint, Atomic Energy Commission and arsenals, which are direct users of such materials should be authorized when feasible and consistent with general disposal policy. Required use of the materials in prime contracts and especially in subcontracts, however, is considered to be inadvisable because the quantities on individual contracts would be small and probably would add to the cost of the contracts by departing from normal supply channels, introduce uncertainty that the precise qualities of materials needed could be obtained readily, and unjustifiably complicate the bookkeeping involved. Also such required use would have substantially the same effect as an outright disposal.

Recommendation #6. Cancellation of Commitments

Continue to seek mutually satisfactory cancellation of contracts to deliver excess materials and include possible cancellation by payment of above-market premiums specified in the contracts. This would include payments to contractors on account of anticipated net profits. Negotiations to that end should be conducted in the light of over-all interests of the Government and in the light of possible contract adjustments through cash payment, payment in kind, or barter of excess property.

Current policy authorizing cancellation of deliveries in excess of objectives has functioned satisfactorily, but very little more can be accomplished by further negotiation unless some additional incentives are included.

Implementation: If approved, the Office of Civil and Defense Mobilization will initiate actions, in cooperation with the agencies concerned, to carry out the above recommendations.

Concurrences: Office of Civil and Defense Mobilization, BoB, GSA, and all members of the Civil and Defense Mobilization Board concur in the Recommendations as amended.

Attachments: OCDM staff paper on "The Program for Strategic Materials". Defense Mobilization Order V-7, dated June 30, 1958, "General Policies for the Stockpile of Strategic and Critical Materials".

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
1.Cabinet Paper for Action	CP-59-78/3 re stockpiling	9/30/59	A
2.OCDM Staff Report	on program for strategic materials	undated	A
3.Cabinet Paper for Action	CP-58-87/1 re Operation Alert	10/31/58	A
4.Draft presentation	re emergency financial policy	9/8/59	A
5.Cabinet Paper for Consideration	xx CP-59-100 re financial policy for post-attack operations	9/8/59	A
6.Cabinet Record of Action	RA-59-139	9/30/59	A

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CI - 59-49/4
September 16, 1959

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THE CABINET

The Joint Federal-State Action Committee

Summary of the Sixth Meeting

For information and the records of the members of the Cabinet, attached is a summary of the Sixth meeting of the Joint Federal-State Action Committee held in Washington, D. C., on May 18 and 19, 1959.

This summary has been prepared by the Federal staff for the Federal Members.

Robert Gray
Secretary to the Cabinet

The White House

Washington

THE CABINET

The Joint Federal-State Action Committee

Summary of the Sixth Meeting

1. Atomic Energy - The Committee approved enactment of a bill along the lines of the one submitted to the Joint Committee on Atomic Energy by the Atomic Energy Commission on May 13, 1959, dealing with the adjustment of the responsibilities of the Federal and State Governments with respect to the control of radiation hazards from atomic energy materials presently regulated by the Commission. The proposed bill is consistent with the recommendations of the President in his Budget Message for 1960 and with the recommendations of the Joint Federal-State Action Committee to the President and to the Chairman of the Governors' Conference which call for a greater share of State responsibility for the promotion and regulation of the peacetime uses of atomic energy, particularly in the fields of health and safety. (Secretary Flemming advised the Committee that his Department is in agreement with the principle of this measure for increased State responsibility but believes that there are alternative methods by which the objective may be accomplished. The expression of these views is in accordance with the Bureau of the Budget's clearance of this Bill.)

2. Legislative Jurisdiction Over Federal Lands Within the States - The Committee endorses pending legislation (S. 1617 and H. R. 5785) with appropriate communication of such endorsement to the Senate and House Committees and the leadership of the Congress, which legislation would make it the policy of the Congress that (1) the Federal Government shall receive or retain only such measure of legislative jurisdiction over Federally-owned or operated lands as may be necessary for the proper performance of Federal functions and (2) to the extent consistent with the purposes for which the land is held by the United States, the Federal Government shall avoid receiving or retaining concurrent jurisdiction or any measure of exclusive jurisdiction. To further consider this subject, the Committee discussed and agreed that the staffs would prepare a study of the possible broadening of the Buck Act relating to State and local tax jurisdiction over private persons within Federal reservations.

3. Block Grants - The Committee discussed the consolidation of several health grants into a single block grant to the States which would permit the States a degree of flexibility in the allocation of such funds to the various purposes for which granted. The Committee decided to pursue the subject further and the staffs were instructed to make such a study keeping in mind (1) the desirability of making the distribution of block grants among the several States irrevocable, (2) reversion of unused funds to the Federal Treasury, (3) the possibility of transferring

tax sources to the States in exchange for these particular grants, and (4) special project grant authority to replace formula grants.

It was also agreed that the staffs should consult with both the National Association of State and Territorial Health Officers and the National Association of State Budget Officers. A one day meeting of a special subcommittee from the Federal and State membership will review this study prior to the next full meeting of the Committee.

4. Migratory Labor - The Committee approved an action paper calling for Federal and State action in the field of migratory labor with particular respect to housing, transportation, crew leaders, child labor and child care wages, establishment of Governors' committees on migratory labor, and joint Federal-State cooperation between the President's Committee on Migratory Labor and the Council of State Governments in the development of model legislation, State and Federal, in the above-mentioned areas.

5. Flood Insurance - Governor Hodges, in behalf of a special Committee of the Council of State Governments, presented a paper on flood insurance pointing out the inadequacies of the present inoperative Federal Flood Insurance Act of 1956, and the dangers of its activation in the event of a flood in the near future. It was agreed that the Committee would work with Governor Hodges' committee in the drafting of legislation to remedy the defects of the present statute, and that such legislative proposal would be submitted to the Joint Committee for its consideration.

6. National Goals in Education - Secretary Flemming presented a short oral report on this subject indicating that this project was proceeding slowly but satisfactorily.

7. Defense Education Act - Secretary Flemming discussed the staff paper on this subject and submitted a special paper from the Department of Health, Education, and Welfare for the information of the Joint Committee. He indicated that the implementation of this act has shown an impressive beginning.

8. Medical Education - A report on the Surgeon-General's Consultant Group on Medical Education was discussed by the Committee as a matter of information. It indicated a need for the substantial expansion of the medical education capacity of the United States to permit an increase of some 3,000 medical graduates a year by 1970.

9. Workmen's Compensation (Radiation Hazard) - A series of three papers outlining the progress made by the States in amending their workmen's compensation laws to take account of radiation hazards was presented by the Governors. The Committee agreed to urge those States which have not done so to amend their laws to take cognizance of radiation dangers.

10. Natural Disaster Relief - In its first report of December, 1957, the Committee recommended that a schedule be established of minimum amounts of State-local funds to be spent for natural disasters before Federal aid would be forthcoming. This recommendation was accepted by the Governors' Conference in May, 1958. On April 9, 1959, Director Hoegh, Office of Civil and Defense Mobilization, established the recommended schedule through publication in the Federal Register. The Committee took note of the completion of this subject.

11. Status Report on Estate Tax Credit - A progress report was made on work of the Advisory Committee established to evaluate alternative methods for revising the Federal credit for State inheritance and estate taxes. This committee is considering ways to provide the States with a larger share of the revenue from this tax area to enable them to assume an increased share of financial responsibility for government programs in continuing its work. This group is in consultation with the National Federation of Tax Administrators for purposes of preparing a questionnaire to be sent to the several States to obtain information regarding the impact upon the revenues of individual States of alternative revisions of the Federal credit.

12. Impact of Federal Aid on State and Local Finances - The Committee discussed a paper on this subject and directed the joint staffs to explore the matter more fully and report to the next meeting. In this connection, consideration is to be given to the possibility of appropriate groups seeking the assistance and support of one of the private foundations to develop better information on State and local finances, including the impact of Federal aid.

13. Reimbursement on Toll Roads and Freeways - Under Secretary of Commerce Mueller reported to the Committee that the Commerce Department had submitted to the Congress on January 16, 1959, pursuant to P. L. 85-845, two methods or formulae for the reimbursement of the States by the Federal Government for the cost of certain highways on the National System of Interstate and Defense Highways in the event the Congress determines that such reimbursement should be made.

14. Implementing Legislation - Budget Director Stans reported that on May 14, 1959, he had submitted to the Speaker of the House of Representatives proposed legislation to effectuate certain recommendations of the Committee which would discontinue Federal grants for vocational education and waste treatment works construction and adjust Federal revenue laws so the States can assume full responsibility for these programs starting in the fiscal year 1961. This legislation had been proposed last year by the President, but at the request of the Governors' Conference had been amended to insure that the revenue source made available to each State would be substantially equivalent to the costs of the functions assumed.

15. New Problems - The Committee discussed the Fountain Bill (H. R. 6904) to establish a permanent commission on intergovernmental relations which neither the Federal nor the State representatives are willing to endorse at this time. The staffs were directed to analyze and report on this and similar bills to the Committee. It agreed that individual reports of the Governors and various Federal agencies on these subjects should not be delayed in anticipation of the staff reports.

The Committee also discussed the Clark Bill (S. 1431) to establish a temporary national commission on metropolitan area problems. There was likewise no Committee endorsement of this measure and it was agreed that the staffs would analyze and report on this measure. In this connection, the Committee also agreed to examine further the possibility of including representatives of local governments in the work of the Committee.

Mr. Merriam reported, as an information item only, on the Administration's policy and legislative proposal for greater local sharing of costs on flood control projects. It was agreed that the Federal staff would prepare an information paper to be circulated among the State representatives.

16. Time and Place of Next Meeting - The time and place of the next meeting was left subject to the call of the Co-chairmen.

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CA - 59-140

November 4, 1959

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, November 6, 1959

1.	Assessment of Chairman Khrushchev's Visit and of Other Top-Level US-USSR Exchanges	CI - 59-62	The Secretary of State The U.S. Representative to the United Nations The Chairman, Atomic Energy Commission The Secretary of Agriculture
2.	The FY 1960 Budget -- Progress and Prospects	(Oral)	The Director, Bureau of the Budget
3.	Status of Shelter Measures	(Oral)	The Director, Office of Civil and Defense Mobilization
4.	Guide for Civil Defense Action in the Washington Warning Area	(Oral)	The Director, Office of Civil and Defense Mobilization
5.	Proposal for Improving Interdepartmental Coordination of the Area Assistance Program	CP-59-101	The Secretary of Commerce

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

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MINUTES OF CABINET MEETING

November 6, 1959

9:00 a.m. -- 11:00 a.m.

The following were present:

President Eisenhower

Sec. Herter
Mr. Julian Baird
  for Sec. Anderson
Sec. McElroy
Mr. Lawrence E. Walsh
  for AG Rogers
PMG Summerfield
Mr. Fred Aandahl
  for Sec. Seaton
Sec. Benson
Sec. Mitchell
Sec. Mueller
Sec. Flemming

Amb. Lodge
Gov. Hoegh, OCDM
Director Stans, BoB
  Mr. Staats
Mr. John McCone, AEC (in part)

Mr. George Allen, USIA (in part)
Mr. Franklin Floete, GSA
Dr. Saulnier, CEA
Mr. Allen Dulles, CIA (in part)
Gen. E. R. Quesada, FAA (in part)

Mr. Sumner Whittier, VA
Dr. Keith Glennan, NASA
Dr. Alan Waterman, NSF
Mr. Robert McLaughlin, Comm. of
  District of Columbia (in part)
Mr. Philip Ray, Commerce

Mr. Morgan
Gen. Goodpaster (in part)
Mr. Gordon Gray (in part)
Mr. Anderson (in part)
Mr. Merriam
Mr. Robert Gray
Maj. Eisenhower
Mr. Siciliano
Dr. Kistiakowsky (in part)
Mrs. Wheaton
Dr. Paarlberg
Mr. Harlow (in part)
Colonel Tkach (in part)
Mr. Patterson
Gen. Bragdon
Mr. Minnich

The President referred briefly to the new biography of Jefferson Davis which he is reading and which places Davis in a very different light than customary. The President noted how Mr. Davis following his inaugural at Richmond had made a public prayer, hence the 1953 Inaugural Prayer was not the innovation that he had thought it to be.

US-USSR Relations (CI 59-62) - Mr. Herter, speaking from the Cabinet paper, reviewed the background and purpose of the Khrushchev visit, stressing particularly the President's hope that the visit might serve to remove some of the misconceptions that existed about the United States. Mr. Herter pointed out that on the first visit of Mr. Khrushchev

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with the President the only really significant thing was that Khrushchev had not deigned to discuss at all the disarmament proposal he would be making to the UN a few days later, preferring to keep the matter of the speech a closely guarded secret, though he did refer to it as being 'right here in my pocket and no one is going to see it'. Mr. Herter noted also the accomplishments at Camp David as set forth in the communique, plus the additional statements made subsequently that there would be no time limit placed in ultimatum fashion on the Berlin negotiations. He noted also the brief discussion of China and the impossibility of having any profitable discussion at that time. However, when Mr. Khrushchev went to China, there was evidence but not proof that he did what he could to softpeddle the issue.

Mr. Herter emphasized that the Russian effort now is to attempt to build up a feeling around the world that a new era of peace has set in. Mr. Herter said that some of our friends might over react to this in terms of moving much more warmly toward closer relations with Russia, despite the fact that the Russian representative in the UN recently attacked us vitriolically.

Mr. Herter concluded that the visit could be considered a gain but that only future developments will reveal the worth of the visit. In the meantime, there is a need for other nations to realize that there has been no change in policy on our part.

Mr. Lodge pointed out that people in the UN had thought well of the visit and the way it was handled by the U.S., but that there was growing talk of a "spirit of Camp David". Mr. Lodge then noted the tendency in the non-white world (which is most of the world in terms of population) to look askance at the United States as being a "white" country and therefore associated with the Colonial Powers. He felt that the aftermath of the Khrushchev visit provides us a great opportunity to correct this attitude, since these countries regard us now as being somewhat more reasonable. We should focus attention on the Declaration of Independence rather than on the Communist Manifesto where it has been, and in doing so we should not endeavor to sell the specific word "Capitalism" which is beyond rehabilitation in the minds of the non-white world. As Mr. Lodge stated, the U.S. can win wars but the question is can we win revolutions.

Mr. Lodge cautioned that the U.S. could not afford any appearance of backtracking from the attitude it has had about the Khrushchev visit, since this would encourage the presently quiescent critics of the visit to sound off.

Mr. Lodge thought that the United States could seize and hold the diplomatic initiative by taking specific actions which might be something of the type of the following:

1. Revive the Baruch plan for atomic control and disarmament.

2. Working for the presence of the UN in Berlin.

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3. Focusing more on our assistance to under developed nations through the multilateral UN programs which far exceeds the Soviet contribution.

We could well afford to invite and challenge the Soviets to match our effort.

Domestically, Lodge thought we should give more consideration to the possibility of a greater growth rate of the national economy -- perhaps 6% rather than 3% annually. He also stressed the harm done to our world relations by domestic race and color problems, where a single incident like Little Rock can do irritrievable harm. The President immediately asked why the sending of Federal troops had not done good rather than harm by showing our determination to maintain the rule of law. Mr. Lodge agreed that in this respect some benefit had been obtained but the adverse effects of the rioting were tremendous.

Mr. McCone discussed the atomic scientists exchange visits and his experiences in Russia, pointing out such things as the Russian capacity for fully organizing efforts to promote special projects, Russian scientific respect for China's potential in science, and the possibility of further exchanges in areas where new information is already being made public anyway. He also noted specifically the Russian agreement to holding technical discussions by the USSR, US, UK and the French as to safeguards against misuse of nuclear power reactors and materials.

Sec. Benson gave his impressions from his visit to Yugoslavia, Poland and Russia, and distributed copies of his summary report. He noted especially the superiority of U.S. agriculture and the probability that Russia will need a decade or more before catching up to our industrialized farm activity. He also talked at length about his visit to a church in Moscow and his firm faith that religion will never die there.

Budget Report - Mr. Stans noted how the September estimates showed a $1.9 billion anticipated increase in receipts, but pointed out that the expenditures will probably rise an equal amount because of high interest rates, the absence of postal rate increases, and the enlarged appropriations, especially for HEW and the Veterans Administration. He then pointed to three new factors which may upset these estimates: continuation of the steel strike will hurt receipts perhaps to the tune of $1 billion or more, interest charges may rise still further, and the current budget development discussions show that agencies are tending to spend an extra $500 million. He urgently requested the complete cooperation of all departments and agencies in resisting pressures that would send expenditures above the presently anticipated $78.9 billion level.

Mr. Stans compared the first quarter of FY '60 with that of '59 but stressed a great number of things which prevented any really useful comparison from being made. The comparison showed the expenditures to be $225 million less than a year ago.

Regarding personnel, Mr. Stans noted that there are presently about

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11,000 fewer civil servants than a year ago, that a large reduction (20,000) was accomplished by Defense Department, but that much of this was eaten up by the necessary Post Office, HEW and Aviation Agency increases. Mr. Stans stated that only three agencies had responded affirmatively to the recent request for estimating the possibility of another 2% reduction. He suggested that Cabinet heads take another look at this possibility.

Mr. Stans said that the work on the '61 budget is progressing well and that obviously the remaining decisions would have to be made prior to the President's departure for Europe early in December.

The President pointed to the need for Cabinet officers to be in Washington at this time of the year, and particularly so for the next few months when Sec. Herter and he would be away so much.

The President ascerted that there should be little need for bringing budget problems to his office since all Cabinet members were now well educated on the total budget and fiscal situation as related to our national strength and world position. He believed that all of the Cabinet owed it to the Nation to be tough on proposed increases and that they could in their own right defend against proposals for $175 million here and $250 million there; they should not be too concerned about outside pressures for these things. He recognized the special problem in Defense where rising costs and previously approved programs are now bringing the chickens home to roost.

Civil Defense - The President inquired of Mr. Hoegh whether there was any evidence of Russian activity in building shelters, since Mr. Khrushchev had said that there was not a single shelter in Russia. Mr. Hoegh thought that CIA had some information about this, and he suggested the possibility that the basis of Mr. Khrushchev's statement might be in whether something was complete or incomplete or whether designed for the specific purpose of shelters. Mr. Benson said that he had been told also that there were no shelters in Russia.

Mr. Hoegh distributed a pamphlet on "The Family Fallout Shelter", and then reviewed briefly the OCDM mission with regard to publicizing, researching, and developing prototypes as regards shelters. Within the government, and as a matter of leadership, shelters are being incorporated in new Federal buildings designed after a certain date and in remodeling of others. He touched briefly on the Governors' Conference and the desire for a Governors Civil Defense meeting in Washington, which OCDM is now developing. He also noted the failure of Congress to provide the funds requested by the Administration for shelter activity.

Mr. Herter noted that the Red Cross had been asked, but had declined, to sponsor the showing of the movie "On The Beach", which is a tremendous bit of anti-nuclear propaganda. Mr. Hoegh said that the movie constituted an obstacle to the shelter program since it made everything seem hopeless.

Mr. Hoegh also distributed copies of the Washington-metropolitan area civil defense plan.

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Cabinet Minutes, November 6, 1959 - page 5

Area Assistance (CP 59-101) - Mr. Ray, after being introduced by Sec. Mueller, went over the Cabinet paper proposed to establish a new interdepartmental committee for coordinating the area assistance program. He said that there was reasonable expectation that this committee could improve the Government's efforts to be helpful in appropriate ways, and that the action would also be desirable in view of the Congressional interest in the Douglas Bill which the Administration has steadfastly opposed without being able to get its own legislation.

Sec. Mitchell urged that creation of this committee not be publicized since that would invite demands for assistance to areas that are beyond help. Mr. Stans wondered what form the establishment of this would take, since Budget Bureau has been endeavoring not to increase the number of committees established by Executive Order, which adds to the burdens of the President. The President thought informal letters might serve, and Mr. Stans agreed. Mr. Lodge was much concerned with accomplishing advance discussions with appropriate Members of Congress and citizens in the affected areas so that the action, if taken, would be certain to get a favorable reception. Mr. Benson reserved judgment on the matter of publicity and thought the basic idea was good. Mr. Mueller stressed the importance of moving ahead promptly, which would preclude any extensive consultation in all of the affected areas. Mr. Mitchell thought Commerce should go ahead to draw these agencies together but not make any announcement until it could be determined exactly what each agency could contribute.

Mr. Mueller noted that the Council of Economic Advisors should be added to the list of participating agencies.

The President directed that the matter be discussed further with all concerned, that it would not need to come before the Cabinet again but that a memorandum to him would suffice.

L. A. Minnich, Jr.

Copy ~~to:~~
✓Mrs. Whitman (2)
Mr. Robert Gray
Mr. Minnich

~~CONFIDENTIAL~~

November 5, 1959

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Friday, November 6.

The following items are the most urgent ones of the stack which has been backed up since the last Cabinet meeting. Each has a time-element which has justified its inclusion in this Friday's agenda.

1. Assessment of Chairman Khrushchev's Visit and of Other Top-Level US-USSR Exchanges

(Secretary Herter
Ambassador Lodge
Chairman McCone
Secretary Benson

Before this visit has gotten "too cold" here or the Western Summit too immediate, Secretary Herter has asked for an opportunity to speak to the Cabinet as a whole on the significance for our nation of Chairman Khrushchev's American tour. The Secretary feels that Cabinet members should have an assessment of what is ahead in US-USSR relations. He is preparing a twenty-five minute presentation which will highlight the points of general Cabinet interest.

As Escort Officer for Chairman Khrushchev, Mr. Lodge will add his own comments on the presentation initiated by Secretary Herter.

Chairman McCone will comment on his inspection of Soviet facilities for peaceful nuclear energy applications. He is prepared to make a brief general report supplementing what he has already told you privately.

Secretary Benson will supplement briefly his report to you on his trip abroad.

2. **The FY 1960 Budget -- Progress and Prospects** (Director Stans)

Director Stans will report on actual expenditure and personnel levels of the current fiscal year as compared with the earlier projections. He will also discuss the Administration's general budget situation.

3. **Status of Shelter Measures** (Director Hoegh)

At their last meeting, the full Governors' Conference adopted a resolution asking that the Civil Defense Committee of the Governors' Conference come to Washington for a White House Conference on the Civil Defense Program. Mr. Rockefeller has brought this to your attention. The meeting may be held early next month, and if so, preparations for it should start at once. High on the agenda of such a meeting would be a discussion of the progress of the national shelter program and of the incentives which could be emphasized to get the program moving more effectively. Governor Hoegh will present a status report on the shelter program since its adoption two years ago -- in order that you and the Cabinet can hear what is being proposed to tell the Governors when they meet.

4. **Guide for Civil Defense Action in the Washington Warning Area** (Director Hoegh)

This Plan, which has been worked up by Governor Hoegh, the D.C. Government, and the several State and County jurisdictions surrounding Washington, is now coming off the presses. It is due to be released by OCDM around November 17. State is planning advance notice to the Diplomatic Corps and the Cabinet as a group should know about the Plan and what it contains.

5. **Proposal for Improving Interdepartmental Coordination of the Area Assistance Program** (Secretary Mueller)

At a recent meeting of the Advisory Board on Economic Growth and Stability (Under Secretary level), it was agreed that the Department of Commerce should make an early Cabinet presentation proposing Presidential endorsement of an interdepartmental committee on Area Assistance, as a parallel to the Committee of Under Secretaries on the Development Program. Commerce believes this move will enable Administration supporters on the Hill better to fend off the pressure for unacceptable legislation.

Separately, a review will be made of the substance of the Administration's proposals for area assistance; a later Cabinet presentation will be made on what amendments, if any, should be proposed to our bill of previous years.

Robert Gray
Secretary to the Cabinet

RG/ny

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CABINET PAPER H. C. LODGE - NOVEMBER 6, 1959

Mr. President:

I ~~intend to~~ shall discuss the aftermath of the Khrushchev trip as it looks, first, at the UN and, second, in this country. I shall then suggest policy steps abroad and at home in the light of both reactions.

I

At the UN the decision to have Mr. Khrushchev come to this country is regarded as wise and as having been extremely well handled by the President.

This leads many UN members to expect us to act in what they call "the spirit of Camp David". This means in practice looking askance at anybody who brings up anything unpleasant to the Soviet Union, although the Soviet Union feels free to do things unpleasant to us. (Tibet, Poland, Disarmament, E. Germany).

At the UN GA you see the world as a place in which a large majority of the human race is non-white, and inclines to feel itself emotionally involved on the Soviet side of the US-Soviet conflict, perhaps in part because we appear to be lined up with the colonial powers on so many issues in the UN and are allied with them militarily. The non-white membership is growing every year, as more African states gain their independence. To these people the Khrushchev visit marks a turning point:

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it puts us in a new light; and the visit, therefore, must be seen in the light of this overriding fact.

What have these representatives of non-white countries got in their minds? I believe the brilliant Catholic priest Father Bruckberger summarizes it truthfully, as follows:

The Afro-Asians see us and the other industrialized nations with some fourteen percent of the world's population and fifty-five percent of the world's income.

They see uncounted millions ~~of~~ in their own countries on the verge of starvation, and racked by disease, although they think there is wealth in abundance in their own ground.

They anticipate a huge increase in the world population, an increase which they think will work in favor of the colored people, and which will reduce the whites and the Christians to a steadily smaller minority.

They see a non-white country like Communist China -- which is constantly in their minds -- approaching technological maturity, a country which they believe in a future war could lose 200,000,000 people without even feeling it.

Some of them may even see us in the future as the whites are in South Africa today -- except that the Colored people in South Africa are not allowed to have arms.

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These views can -- and must -- be changed. And the aftermath of the Khrushchev trip creates a very psychological moment -- a great opportunity -- for us to start some new thinking in this world -- thinking which will put the Declaration of Independence rather than the Communist Manifesto in men's minds. The Khrushchev trip has jogged them a little bit about us. Let us jog them some more. Let us give them the picture of America that we want them to have.

We must not waste our energy by trying to rehabilitate the word "capitalism" which has been badly mauled all over the world for at least a century and which is not understood abroad in the way we understand it here. We must put our energy into building good will for the US. We have impressed these people with the fact that we can win wars. We must also learn to win revolutions, because he who wins a revolution wins hearts as well as territory.

II

In the US, I believe the aftermath of the Khrushchev trip is favorable to the Administration and that most people think it was wise and that the President handled it well. The influential individuals and groups who disapprove strongly are quiescent. We must take care not to galvanize them by appearing to back track.

Khrushchev alerted many Americans to a point where they are prepared to follow vigorous leadership and to endure sacrifices if need be. These Americans should not be given an anti-climax.

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III

Having in mind, therefore, both the after-effects of Khrushchev's trip abroad and at home, I recommend that we should probe and test Khrushchev's sincerity by well thought out proposals. I realize the difficulty in the US Goverment of getting the different departments together, and I recognize the difficulty of getting allied approval, but we simply must be flexible and capable of moving quickly so that we can seize and hold the diplomatic and psychological initiative. I do not make concrete suggestions, But I can give examples of what I have in mind, as follows:

A. In the field of disarmament, for example, we could revive the Baruch Plan to turn over all nuclear weapons to the UN. Mr. Khrushchev revived the Litvinov Plan of 1932 and got some mileage out of it. We ought to be able to do better by reviving the Baruch Plan and putting some modern trimmings on it.

B. A suggestion for some kind of UN presence in Berlin is worthy of consideration and would put us in a good light with many so-called uncommitted people.

C. I think we could build a lot of good will for ourselves by proposing increased Soviet-US participation in any one of a number of multilateral aid programs. The US contributes to the UN Technical Assistance, the UN Special Fund, the UN Children's Fund, the UNEF and the UN Relief and Works Agency in Palestine. There is also the IDA. To some

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of these programs the Soviet Union contributes one-tenth or one-twentieth of the amount contributed by the US. To other programs it contributes nothing at all. Here is a chance to put up a peaceful challenge to the Russians: to care for the babies, to work for peace, to feed the hungry, to develop underdeveloped lands. It would have great appeal.

If the Soviets reject such proposals, the extra cost will be nil and we will have scored a telling point in the whold underdeveloped world where the large masses of population are.

If the Soviets surprise us by accepting, the cost still could not be heavy because these programs being multilateral, the US cannot go beyond a fixed percentage of the total -- and the total depends on what other nations put in. Moreover we could deduct a part of any extra cost from our bilateral programs.

We also have enough control in all these activities to protect ourselves completely against any programs which are not consistent with US foreign policy. The point would not be the amount; but out attempt to push the Soviet Union to join effectively in a humane effort ~~in other than a token way~~.
We would get credit whether we succeeded or whether we failed.

These proposals might be made at the summit, but not necessarily so if our allies are sluggish or unimaginative about them.

They would not only help us abroad and would be regarded as a constructive follow-up to his trip, but they would please all shades of opinion at home and maintain the current good opinion of the Khrushchev trip.

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IV

Finally, there are two questions raised by the trip which [illegible] not be put to Khrushchev, but which we should seriously put to ourselves.

First: Should we not take steps to accelerate our economic growth? We are constantly told that at present the economic growth of the Soviet Union in percentage of gross national product is twice as fast as that of the US, being 6% a year in the Soviet Union as compared with 3% in the United States. This is an impressive statistic to representatives of small countries at the UN and it also must, of these, over a long period of time affect our security.

The second question occurs because of the immense harm done to our world position by emotions raised by race and color. Most of this harm is due to the obstruction by a very few of the Supreme Court decision on segregation in schools. One Little Rock, because of its emotional effect, does incalculable harm. A cure for this involves ultimately new ways of thinking by our people. I am sure that if they could see what I see they would think -- and act -- differently.

UNITED STATES DEPARTMENT OF AGRICULTURE
Office of the Secretary

Washington, November 2, 1959

NOTE TO CORRESPONDENTS:

Secretary Benson made a verbal report to President Eisenhower on his recent European trade trip while both were at Walter Reed Army Hospital Friday, October 30, 1959.

The Secretary made public today a copy of the outline notes he used in informing the President of the results, observations and conclusions reached on the trip.

A copy of the report follows:

- - - - -

A. GENERAL COMMENTS, OBSERVATIONS, AND CONCLUSIONS

I. THE TRIP

Our U.S. Department of Agriculture delegation returned October 9, 1959 from a 16-day trip to seven European countries. We left Washington, September 23, and visited Yugoslavia, Germany, Poland, the Soviet Union, Finland, Sweden and Norway.

II. THE PURPOSE

The purpose of the trip was (1) to observe the agriculture of these countries, (2) to note the operation of our agricultural export program, (3) to investigate the possibilities of increased agricultural trade, (4) to meet government officials and representatives of the trade and encourage good will between the United States and these nations.

The trip was part of a long range world agricultural trade and market development program which has taken me to some 34 foreign countries on four trade trips in 1955, 1957 and 1959.

Our visit to the Soviet Union, postponed from last year, was in response to an invitation extended by the Soviet Minister of Agriculture when he toured the United States in 1955. I had, of course, also received invitations to visit the other countries.

III. OFFICIALS

Four officials from the Department accompanied me to assist in accomplishing the purpose of the trip. Ten members of the U.S. agricultural press also covered the trip. My wife and daughters Beverly and Bonnie also accompanied me.

IV. GENERAL COMMENT

It is gratifying to report that we were most cordially and warmly received by officials and people alike in all 7 countries which we visited. In some countries this was the first visit by a U.S. Secretary of Agriculture and I was especially touched by the depth of sincerity in the welcome given us by the farmers and working people. I recall the sturdy, old Yugoslav farmer who stood in his plain farm home and with deep emotion asked that we send his wishes of good will to the people of America. We remember too, the generosity of the farmer in Poland who insisted in sending from his meager crops a gift of fruit and nuts to the United States. And we will not soon forget the tearstained faces and fervent hopes of some 1500 Russian Christians who sang "God Be With You, Till We Meet Again" as we were leaving Moscow. These instances and many like them were in some countries, of necessity, unspoken tokens of esteem for the great country we represented. We were struck, also, by the lively curiosity of the youngsters met in all countries.

It was apparent to me that the meeting of President Eisenhower and Chairman Krushchev has stirred deep-seated and sincere longings among the people for enduring peace. I was happy to bring to them personally assurance of peace and brotherhood from the American government and our people. I gave similar assurances to President Tito of Yugoslavia and President Kckkonen of Finland, as well as the Ministers of Agriculture and other officials in the countries visited. It remains now for governments to substantiate these ideals with deeds.

After a first-hand look at agriculture under contrasting forms of government, I am all the more convinced of the superiority of our agricultural system of privately owned family-size farms, the profit motive, freedom for the farmer to decide what to grow and market, and competitive markets. I repeatedly made my position very clear in this respect, especially in the Soviet Union, and I maintain the firm conviction that we should defend and actively promote our basic concepts of freedom not only in agriculture but in all walks of life.

We spent much of our time with the good, honest, hard-working people of the soil. I assured them often that world peace and brotherhood was the desire of the American leaders and people. I can say with confidence that we can look forward to an era of peace if the governments respond to the will of the people. This does not mean that we in the United States can afford complacency; I saw no evidence that the Communists have altered their goal of world conquest. Vigilance remains the price of freedom in the days in which we now live.

USDA 3074-59

The Soviet Union has openly challenged the United States to peaceful competition in agricultural production and trade. We saw hundreds of posters in the USSR urging farmers to surpass the United States in per capita production and we also noted the posters proclaiming the ultimate victory of Communism. We told them we welcome honest competition. We will be carefully watching Soviet international trade practices to see if their slogans encouraging peaceful competition will be matched by their deeds. I have no fears concerning the superiority of our free agricultural system. I am confident of the inevitable triumph of freedom and of the free American farmer and businessman in this competition.

We were, of course, very interested in the immediate and long-term prospects for trade with the countries we visited. There are good prospects. I'm happy to report that, even as the U.S., Europe is recovering rapidly from the recession of 1958. Diets are improving as incomes increase. Demand for fats, oils and livestock products, I believe, are increasing faster than agricultural production. Feed grains to support more livestock would be needed in any case, but the need is even greater this year owing to the unusually hot weather in many parts of Europe. These needs and those for fruit will continue and probably increase. Judged from the ANUGA Fair at Cologne, and the improved technology of farmers in many countries, however, the American farmer will face strong competition demanding the greatest ingenuity in his foreign marketing.

I return to my work in agriculture with renewed confidence in our free agriculture and commercial institutions. In meeting the Communist challenge of world domination and facing the problems which lie ahead, we will continue to seek solutions, as God gives us the wisdom, in the same spirit of peace and brotherhood we have proclaimed throughout this trip.

USDA 3074-59

V. GENERAL OBSERVATIONS

We visited 7 countries in just over 2 weeks. While our time in each country was short, it was sufficient to support the following observations:

A. The Soviet Union is still a decade or more behind the United States in agricultural efficiency and productivity generally, but a substantial growth potential is very apparent and only a crop disaster could impair their ability to feed themselves even though their diet is poor by our standards. The Soviets increased their agricultural production by about one half since 1953, but there is little evidence that production of other consumer goods has risen accordingly. We should anticipate that the Soviet Union, within the next 5 years, will be a strong competitor in world markets with some U.S. agricultural products, especially wheat. There should be no doubt that these Soviet agricultural products in world trade will be used to gain political as well as economic advantages.

B. Many of the nations visited have made substantial progress in their agricultural economies. In some, especially in Yugoslavia and Poland, the majority of the farms are privately-owned but there is a real problem with small, uneconomic-size farms. At the present time the governments are attempting collectivization through government sponsored cooperatives. These cooperatives, although voluntary at present, contain the seeds of compulsion and merit our close observation. It is encouraging however, that some officials openly indicated their concern for preserving the relative independence of the farmers and the voluntary nature of the cooperatives. It is noteworthy that some of these same officials had visited the United States under current exchange programs.

C. There are encouraging market expansion opportunities in some of the countries, particularly in Western Germany and the Scandinavian countries. There is considerable concern at the present over the effect of "Common Market" and "Outer Seven" agreements on existing trade relationships. We have stressed that the best interest of our country and that of the Free World lies in preserving and strengthening normal commercial trade. We believe these countries will continue to be good markets for U.S. farm products provided agricultural trade products remain competitive in price and quality.

D. Finland, Yugoslavia and Poland will not be substantial dollar markets in the near future, but it is apparent that our PL 480 programs are of vital importance in preserving a measure of independence and freedom for these countries. The basic theme behind all of our PL 480 discussions has been emphasis upon the necessity of improving the economy of the country generally in order to provide future cash opportunities for moving larger amounts of U.S. farm products. I am confident of the future in this respect.

GENERAL CONCLUSIONS

A. Tensions between the Soviet Bloc and the Free World have eased considerably but we find no evidence of any shaken faith in the Soviet Bloc Party or government officials. The basic Communist ideology and strategic objectives of world domination for Communism remain the same. The visit between The President and Chairman Krushchev certainly eased political tension, in general. Visits to the United States by Soviet officials can be expected to liberalize their concepts to some degree. I believe we should expand these contacts, and also the information and delegation exchanges.

B. I was generally satisfied with our PL 480 operations as I observed them. I believe the PL 480 operations in countries like Yugoslavia and

Poland have significantly contributed to improving the political climate. I see a potential for more dollar sales in some of the other European countries we visited, and I believe more market development operations like the ANUGA fair which we visited in West Germany will materially help to strengthen future demand for American farm products.

C. Our export program is complex economically and the complexity is compounded by varied and opposing political systems throughout the area visited. The quality of U.S. agricultural export products are their own best advertisement. Barring artificial or discriminatory trade barriers, U.S. farm goods can and will compete successfully in the trade arena which we visited.

B. COUNTRY COMMENTS

YUGOSLAVIA

1. Visited socially with President Tito. Impressed with his vigor and keen understanding of Yugoslavia's basic agricultural and industrial problems. No commitments made but it was evident that President Tito understood and appreciated the nature and extent of U.S. aid ($389 million Title I through June 59).

2. Met with Mr. Comar, Minister of Agriculture, and with his immediate assistant. Visited a state, cooperative, and private farm. Considerable technical progress in agriculture and have bumper crop year. Have problem with small, fragmented, uneconomic-size farms. Do have some reservations about current cooperative program for consolidating farms (95% privately owned). Current program voluntary, but some ownership and marketing clauses in contracts could become a tool for government control of agriculture.

3. Doubtful that Yugoslavia will become a cash market for some time to come and possibly may become a competitor in European markets for some products, notably corn. However, we are generally satisfied with PL 480 operations in preserving a measure of farmer freedom and Yugoslav independence. We believe the school lunch program and market development activities have been useful.

WEST GERMANY

1. Met officials and spoke at the opening of the ANUGA trade fair in Cologne to several hundred trade and agriculture leaders from many nations. Also visited the German countryside, and East and West Berlin. Impressed with the great technical competence and progress in West Germany. Believe that trade fairs like ANUGA are effective instruments for market development. Our poultry market development exceptionally successful in Germany, their imports U.S. poultry jumped from $1.2 million in 1955 to $6.2 million in 1959. East and West Berlin presents a vivid contrast in economic development under free and Communist systems. Economic progress everywhere apparent in bustling West Berlin; East Berlin improving but main business district a thin facade of stores and office buildings.

2. No Title I, PL 480 needed since 1955. West Germany now U.S.'s 4th biggest foreign customer. There may be a period of temporary adjustment in U. S. exports to Germany due to Common Market agreements, German Food Laws, and liberalization policy, but we anticipate a steadily growing market for U. S. farm produce.

POLAND

1. Visited 2 privately-owned farms, a State Machine Center, a new grain mill, and collective farm in the vicinity of Warsaw. Impressed by the generosity and enthusiasm of the private farmers but inefficiency of their operation is typical of economic difficulties facing Poland in increasing the production of some 3.5 million, small (10 to 15 acres), privately-owned farms. The State Machine Center typical of Poland's lack of mechanization with its outdated machinery and inadequate repair facilities. The new grain mill, filled with modern German equipment, was clean and efficient, but shoddy exterior construction typical of area. Collective farm evidenced some signs of progress in mechanization but quality of animals and milk handling procedures somewhat primitive.

2. Long discussion with Mr. Ochab, Minister of Agriculture. He outlined problems. I described advantages of free agricultural system. He stated he was personally interested in U. S. agricultural methods.

3. Government endeavoring to organize small farms into "farmers' circles"; peasants wary they may become "tool" of state control and of Government intent to organize circles nationally.

4. PL 480 agreements to date, $182 million. Believe program instrumental in maintaining degree of national and farmer independence (86% farms now privately owned).

5. Poland represents good potential market for many major U.S. farm commodities although dollar position expected to continue weak for near future. Mr. Ochab recently in Washington discussing trade status.

6. We were all moved by the evident efforts of agricultural officials and farmers to express their appreciation for U.S. aid in the face of their compulsory political ties to the Soviet Union. USDA 3074-59

THE SOVIET UNION

1. We went to the Soviet Union in response to the repeated invitations of Soviet Union officials. My party and I were the official guests of the Ministry of Agriculture. The Minister, Mr. Matskevitch, Ministry officials, and the people generally were frank and friendly. Visited the agricultural exhibit of the USSR Exhibition of Economic Achievement, the Lenin Academy of Agricultural Sciences, the Timiriazev Agricultural Academy, state farm "Gorki No. II", and state stud farm No. 1, all in the vicinity of Moscow. At Kiev, we were the guests of the Ukrainian Minister of Agriculture, Mr. Spivak, and we visited a collective farm, an animal husbandry experiment station, and the Ukrainian Exhibition of Economic Achievement.

2. Soviets have made considerable strides in agriculture, especially last 5 to 6 years. Increased agricultural production by over one half, have given more economic incentive to farmers, launched vigorous poster campaign urging surpassing U.S. Have boosted output with few machines, much hand labor, mostly women (est. 60%). Observed mechanized sugar beet harvester in Ukraine which required women rehandle most beets.

3. Soviets have challenged us to peaceful competition in production and trade. Hope they demonstrate their intent by deeds in international trade practices. We must observe closely.

4. Little prospect for trade in agricultural products but some possibility later this year for edible oils. General political tenor of Soviet international trade practices in past not encouraging, e.g. exporting items in short supply at home, dumping. Significant increases in agricultural production possible in next 5 to 6 years; should anticipate increased trade competition--especially wheat. Our hope is that the Soviets will use more of their increased production to improve living standards than was evident during our visit. USDA 3074-59

5. Talks with agricultural officials showed an apparent favorable impact of U.S. agricultural information and visits. Believe this program should be continued.

6. There was an obvious shortage of most consumer goods because of the Soviet emphasis on heavy industry. Since his visit to the United States and since our visit to the Soviet Union he has made several public speeches promising more consumer goods to the Russian people.

7. Unforgettable experience in Moscow--church service. Would to God the same high ideals would motivate our mutual relationships in all spheres of activity.

FINLAND

1. Small country but strength and courage of her people give her a greatness not limited to territorial borders. Discussions with President Kekkonen, Agriculture Minister Jaakkola, agricultural officials, and farmers were inspiring; steadfastness of character and unwavering faith in freedom.

2. Visited two private farms (90% of farms owner-operated) vicinity of Helsinki and the Agricultural Experiment Station at Tikkurila. Farms generally small (5 to 25 acres average) and possibly overmechanized. High level of scientific work at Experiment Station commendable. Finns using a balanced private ownership, state, and cooperative approach to agriculture.

3. Finnish agriculture faced serious problems after World War II, lost 10% of land, some of best. Independent in spirit but forced into close economic and political ties with the Soviet Union after World War II. Last year 28% of Finnish import of agricultural products from USSR, 7.5% from the U. S.

4. Our PL 480, $38.7 million since 1955, significant in preserving nominal independence from the USSR. Some current PL 480 concern over Finnish resale of Russian wheat and possibly cotton. Market development activities in tobacco, hides and skins, wheat, and cotton have been encouraging.

5. U. S. fortunate to have friendship and esteem of Finland, we should continue to strengthen the political and economic ties of our two countries.

SWEDEN

1. Visit included discussions with Swedish Department of Agriculture officials, with agricultural association officials, and visits to private farms.

2. Apparent Sweden has chosen middle way both in agriculture and in her relations with the Soviet Union. USSR is showing increasing interest in the Swedish market, and has significantly increased export of feed grains to Sweden in the last few years. Drought this year in Sweden will undoubtedly sharpen demand for more feed grain. However, Swedes fully cognizant of mutual advantage of continuing and strengthening trade relations with the U. S. (imported $60 million of U. S. agricultural products in 1958, our second most important fruit market in Europe).

3. Sweden's highly organized cooperative movement even includes a private auditing service for farmers. Marketing associations handle about 75% of total marketings and purchasing associations about 50% of total sales to farmers. The Swedish agricultural economic organizations have been singularly successful in reaching agreements which have had the approval of the Government and the Parliament.

4. Main objective of Swedish agriculture--average farmer's income comparable to average industrial worker. To be attained by support prices and "rationalization". Price support linked to import restriction. "Rationalization," in some respects similar to U. S. Rural Development, includes merging some small holdings and supplementing others by purchase and resale of adjacent lands.

5. No PL 480 agreements, apparent sensitivity to Maritime Preference Act. U. S. market development activities have stimulated cotton, fruits, tobacco, and poultry sales interest.

6. "Outer Seven" (Sweden, Norway, Denmark, Austria, Switzerland, UK, Portugal) trade agreements may increase overall trade potential but we have expressed grave concern for any special arrangements for agricultural products which would restrict or discriminate against U. S. products.

NORWAY

1. Norway traditionally closely allied in trade and friendship with the U. S.

2. Minister of Agriculture, Mr. Lobak, organized some useful discussions and instructive visits to some private farms and the Agricultural College and Experiment Station at Aas. Impressed with the progressiveness of Norwegian agriculture in spite of severe climatic and topographic handicaps (less than 5% of land arable). Agricultural research, education, and extension service well organized and extensive. Typical, was the research in treating straw with sodium hydroxide to increase its feed potential in an effort to meet current drought crisis in feed production.

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CI - 59-62

November 3, 1959

The White House

Washington

THE CABINET

Assessment of Chairman Khrushchev's Visit -- Summary of Instructions to U. S. Missions Abroad

For information of Cabinet Members, attached is a paper prepared by the Secretary of State.

This paper is a summary of the information and instructions which the Secretary has communicated to our diplomatic missions abroad in order to help them evaluate the visit of Chairman Khrushchev to this country and the return visit of the President.

Cabinet Members are authorized to use the information in this paper, in their discretion, for official purposes, including speechmaking.

The attached paper is also circulated as background for Item 1 on the Agenda of the coming Cabinet meeting.

Robert Gray
Secretary to the Cabinet

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November 3, 1959

Assessment of Chairman Khrushchev's Visit -- Summary of Instructions to U.S. Missions Abroad

The Department of State took steps both before and after the Khrushchev visit to have the visit put in proper perspective throughout the world. In a series of instructions to our diplomatic missions abroad, the Department set forth the considerations which led to the invitation of Khrushchev and later gave an evaluation of the trip and described the United States posture toward the Soviet Union.

Before the Visit:

The rationale of the visit was described as follows.

1. We believe the visit will demonstrate to Khrushchev United States national unity and determination in opposing Communist efforts to encroach on the free world. By giving Khrushchev an opportunity to see the evidences of American will to defend our country and its allies and the broad support of the United States people for United States Government policies, we may reduce the possibilities of dangerous miscalculations in the formation of Soviet foreign policy.

2. Khrushchev will also have an opportunity to see at first hand the strength and vitality of the United States. His observation of United States productive capacity and long-range prospects for economic growth afford a proof that political democracy need not lead to chaos nor our high standard of living to debilitation. This also may act to reduce the possibility of Soviet miscalculations. It may also introduce some sobering thoughts concerning the Soviet task of overtaking the United States economically.

3. The visit -- and more particularly the President's return visit to the Soviet Union -- will help us to counter the distorted image of the United States which Soviet propaganda strives to communicate to the Soviet people. One effect should be to diminish Soviet popular fears over the danger of war. Relief of Soviet fears and tensions should stimulate greater individual self-assertion within the U.S.S.R.

4. The exchange of visits does not represent any change in over-all United States policy or the United States evaluation of Soviet objectives nor imply an alteration in our views concerning Soviet bloc efforts at political, economic, and cultural penetration.

5. The visits do not call for any return to the "spirit of Geneva". It is an official visit, not a "visit of friendship". There will be no negotiations of matters affecting our friends during the visit. Rather, there will be opportunity for a frank exchange of views which, we hope, may be useful in creating a better atmosphere for future negotiations, and thus, contribute to the adjustment of differences and the cause of peace. We recognize that this will be a long process but view the visit as a significant first step.

CABINET PAPER

For Information

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6. After the appearance of Khrushchev's Foreign Affairs article, we noted Khrushchev's apparent intention to utilize the visit to propagandize Soviet views. We observed that the article contained no indication of any changes in rigid Soviet positions on Germany, disarmament, and other issues and pointed out that the situation in Laos was a useful reminder of the need to continue to appraise Soviet intentions realistically.

After the Visit:

1. We note the tendency in some sections of free world public opinion and governments to assume that the visit brought about a new international atmosphere which demanded a change in free world relations with the Sino-Soviet bloc. With Soviet encouragement and promotion some countries seem inclined to accept the Soviet attitude that nothing should be done to cloud the improved atmosphere and, therefore, that free world governments must act or refrain from acting in a manner pleasing to the Soviets. We point out that the undesirable effects of such an attitude could be to give the Soviets leverage to advance Soviet objectives without undertaking corresponding moves beneficial to non-Communist countries.

2. A possible misunderstanding of the significance of the Khrushchev visit may be contributing to this situation. In the United States view, the visit held both advantages and disadvantages, and we continue to believe that, on the balance, the visit served the interests of the non-Communist world. The principal positive result was to afford the President the opportunity to talk with Khrushchev in the hope of improving the prospects of reaching mutually acceptable settlement of some major issues or at least of attaining a modus vivendi. However, no substantive Soviet positions were altered during the visit except for Soviet agreement that talks on Berlin would not have a fixed time limit. We will not know whether the Soviets have decided to make a real effort to reach reasonable solutions until negotiations get under way, and the negotiation process will be long and arduous.

3. The prospect of settlement will be worsened, not improved, if non-Communist countries appear ready to weaken their position merely to please the Soviets. Non-Communist actions in this spirit will more likely undermine our negotiating position and stiffen Soviet attitudes.

4. In discussing with third countries their relations with the Soviet bloc, we emphasize our approach of weighing the benefits and disadvantages of any course of action. We point out that they should under no circumstances assume that gestures toward the Soviet bloc are required to show that they are in step with the United States. The past Soviet record has frequently been one of lack of cooperation with non-Communist countries, and in many cases, the Soviets should demonstrate that they are prepared to act constructively.

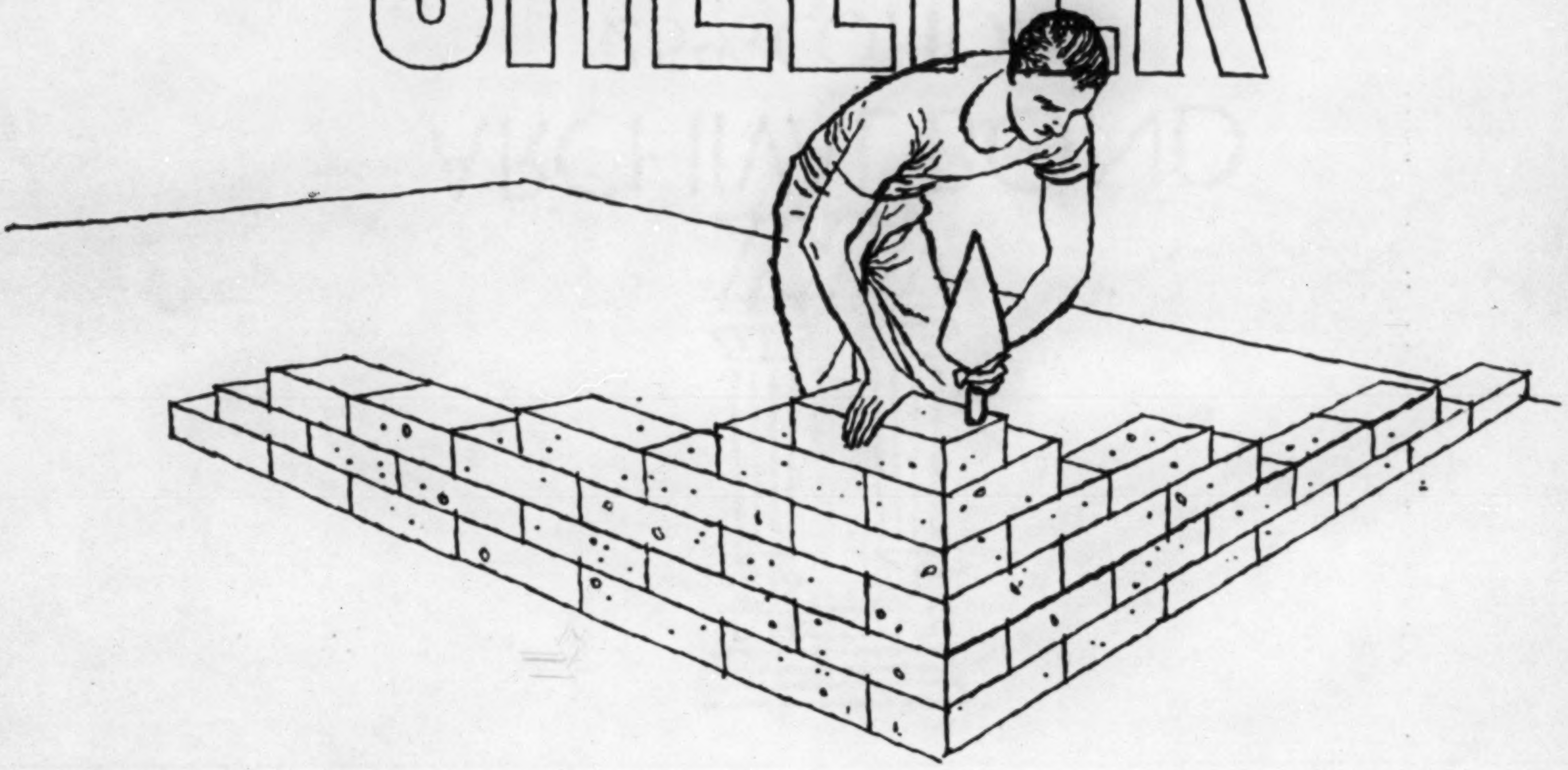
5. Soviet proposals or positions should and will be given careful consideration but not accepted automatically.

6. Regarding Sino-Soviet relations, we recognize that within the framework of the Sino-Soviet alliance certain divergencies exist

and have recently become more apparent. However, nothing in Sino-Soviet relations leads us to conclude that there is imminent prospect of a serious Sino-Soviet rift. We also note the Chinese Communists' insistence on their determination to use force if necessary to seize Taiwan, and we point out that if the Soviet Union sincerely desires to safeguard peace, it should use its influence on the Chinese Communists to insure a measure of responsibility in their behavior.

November 2, 1959

THE FAMILY FALLOUT SHELTER



MP-15

A committee of the National Academy of Sciences, in a recent study of national preparedness, concluded:

> *"Adequate shielding is the only effective means of preventing radiation casualties."*

OFFICE OF CIVIL AND DEFENSE MOBILIZATION

INTRODUCTION

Let us take a hard look at the facts.

In an atomic war, blast, heat, and initial radiation could kill millions close to ground zero of nuclear bursts.

Many *more* millions—everybody else—could be threatened by radioactive fallout. But most of these could be saved.

The purpose of this booklet is to show how to escape death from fallout.

Everyone, even those far from a likely target, would need shelter from fallout.

Your Federal Government has a shelter policy based on the knowledge that most of those beyond the range of blast and heat will survive if they have adequate protection from fallout.

This booklet contains building plans for five basic fallout shelters. One of the five—the Basement Concrete Block Shelter—has been designed specifically as a do-it-yourself project. Solid concrete blocks are used to build it. Most people probably would need the assistance of a contractor to build any of the other four types.

The least expensive shelter described is the Basement Concrete Block Shelter. The most expensive is the Underground Concrete Shelter.

Savings usually can be realized if a shelter is constructed at the time a house is being built.

Each of the shelters incorporates the fundamentals for fallout protection—shielding mass, ventilation, space to live. Each can serve a dual purpose—protection from tornadoes and other severe storms in addition to protection from the fallout radiation of a nuclear bomb.

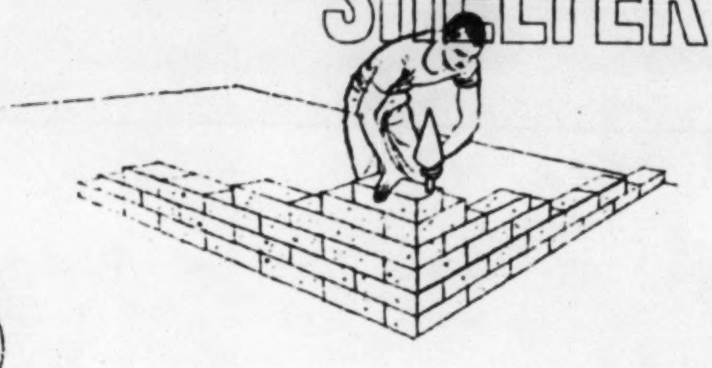
There *are* means of protection.

But that protection must be provided before, not after, the sirens sound.

Leo A Hoegh

DIRECTOR
Office of Civil and Defense Mobilization

THE FAMILY FALLOUT SHELTER



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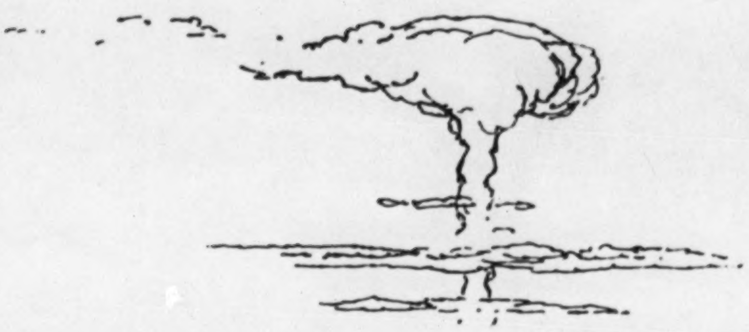
APPENDIX 20

JUNE 1959



I. Fallout Shelter Is Needed Everywhere

One thing is certain if this country is attacked with nuclear weapons our air and missile bases will be primary targets.

The enemy would try to knock out our retaliatory power.

He might also try to destroy our cities.

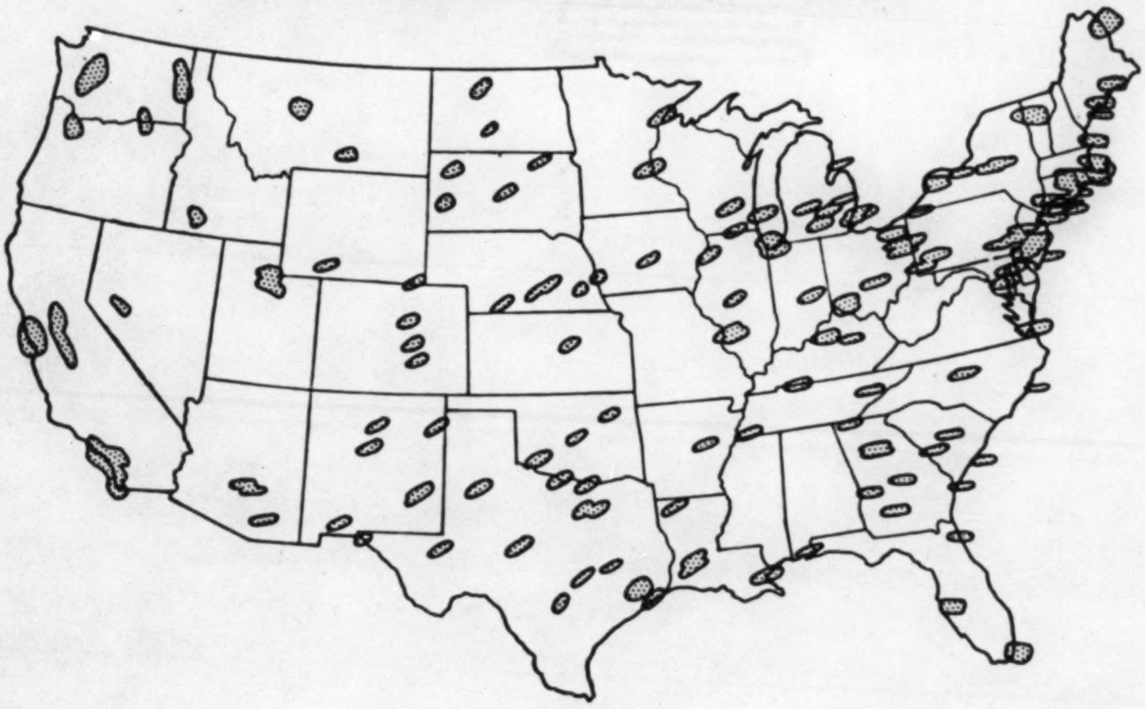
No one can be sure now how far the enemy will go.

But it must be emphasized that even if an enemy confines his attack to our retaliatory bases, the radioactive fallout from his nuclear bombs would threaten life in the entire country. An atomic burst on the ground sends up a mushroom cloud from which radioactive dust will fall hundreds of miles away.

Fallout from one test explosion spread over 7,000 square miles of the Pacific Ocean.

The following maps show the spread of fallout after a large assumed attack on military and civilian targets. Hour by hour the fallout spreads and overlaps until, after 24 hours, it almost completely covers the Nation. (See figs. 1 and 2.)

Figure 1.—Fallout areas at 1 hour after detonation



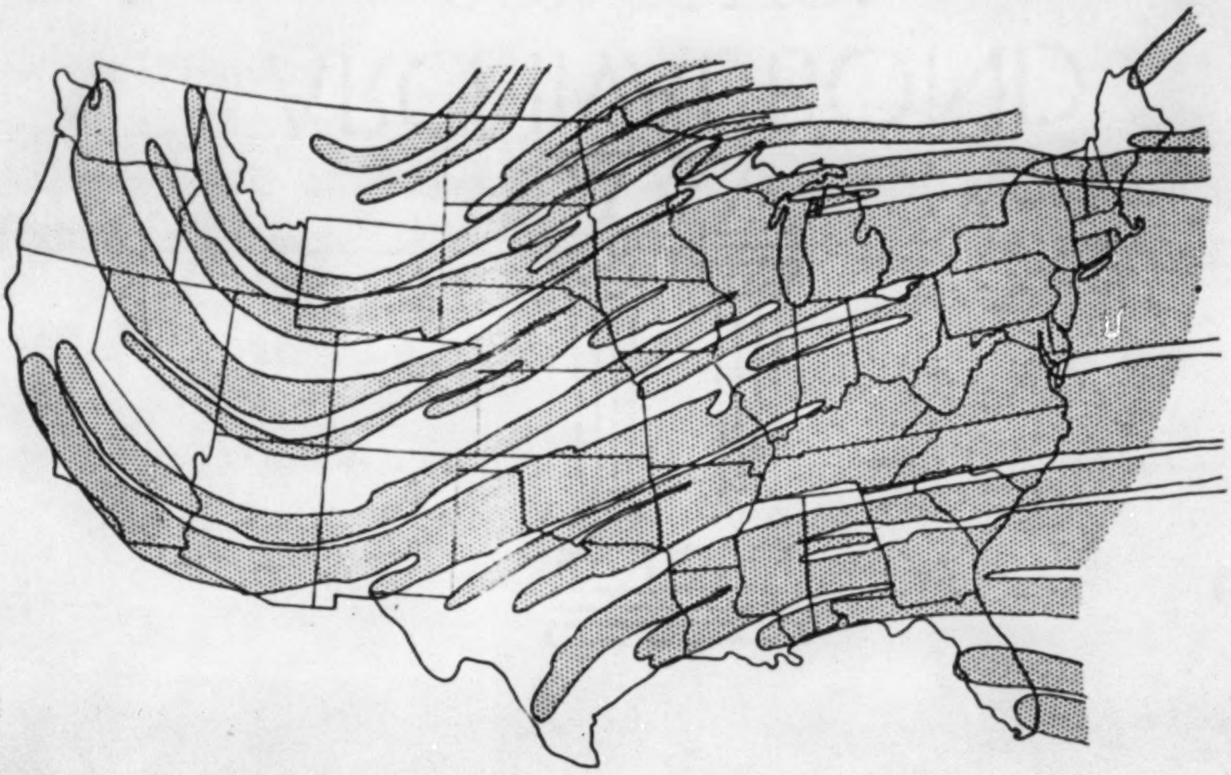
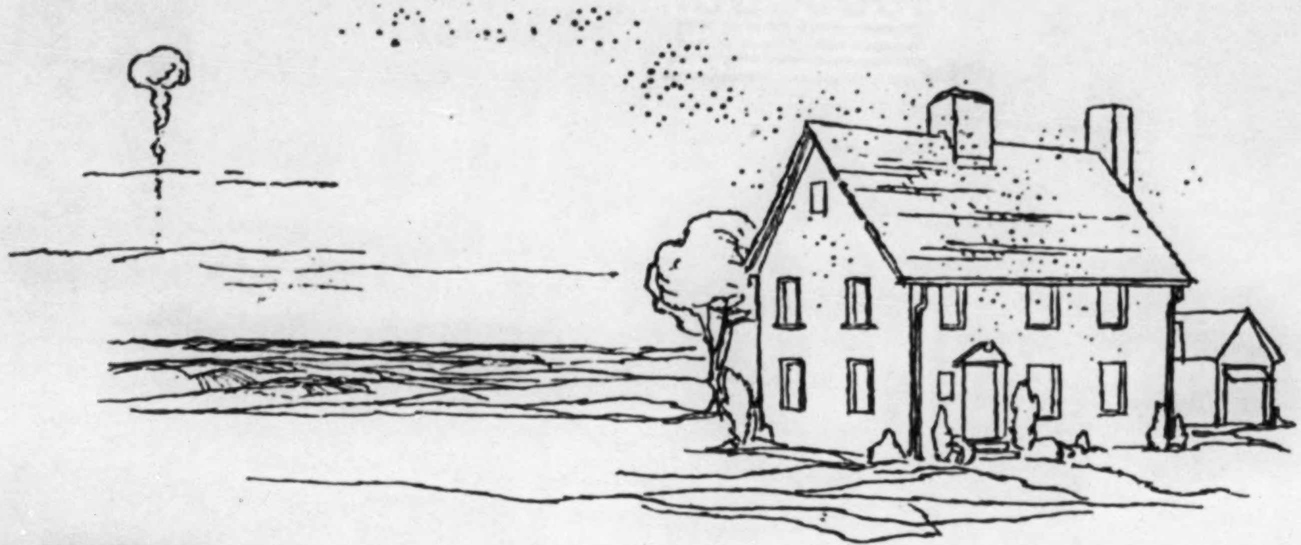


Figure 2.—Fallout areas at 24 hours after detonation

These maps show where the wind would have carried the fallout from the assumed attack on a given day. On another day, the wind could swing in any other direction and turn safe areas on these maps into areas of extreme fallout danger.

The fallout radiation threat indicated on the map is not uniform. The danger diminishes as the fallout drifts further from the points of nuclear explosion. But even on the extreme limits of the drift the fallout remains a menace to life and health for some time.

The lesson is: fallout shelter is needed everywhere.



II. The Shelters

You Can Protect Yourself From Fallout Radiation.

Any mass of material between you and the fallout will cut down the amount of radiation that reaches you. Sufficient mass will make you safe.

Concrete or bricks, earth or sand, are some of the materials heavy enough to afford protection by absorbing radiation. There is about the same amount of shielding in 8 inches of concrete, for instance, as in 12 inches of earth, 16 inches of books or 30 inches of wood. In most of the country, everywhere except in areas hit by the heaviest fallout, these thicknesses would give ample protection for a basement shelter.

The shelters suggested here have concrete and earth for shielding. You can build some of these shelters yourself. Others would require contractors. Some of the shelters are for basements, some for outdoors. For family shelters 10 square feet per person is adequate. (12½ square feet per person is recommended for mass shelters.)

BASEMENT CONCRETE BLOCK SHELTER

Basement shelters generally are the least expensive type that will give substantial protection. A basement shelter can be built with solid concrete blocks as a do-it-yourself project. The price of materials varies in different parts of the country. In May of 1959 sample bids showed a price range of between $150 and $200. This shelter would provide all the protection needed in most of the Nation. That means it would save many lives even in the areas of heaviest fallout, and most lives everywhere else.

This type of inexpensive basement shelter also can be incorporated in plans for new home construction. Other types of effective shelters can be built in new homes with relatively minor changes in design. (See Fig. 20.)

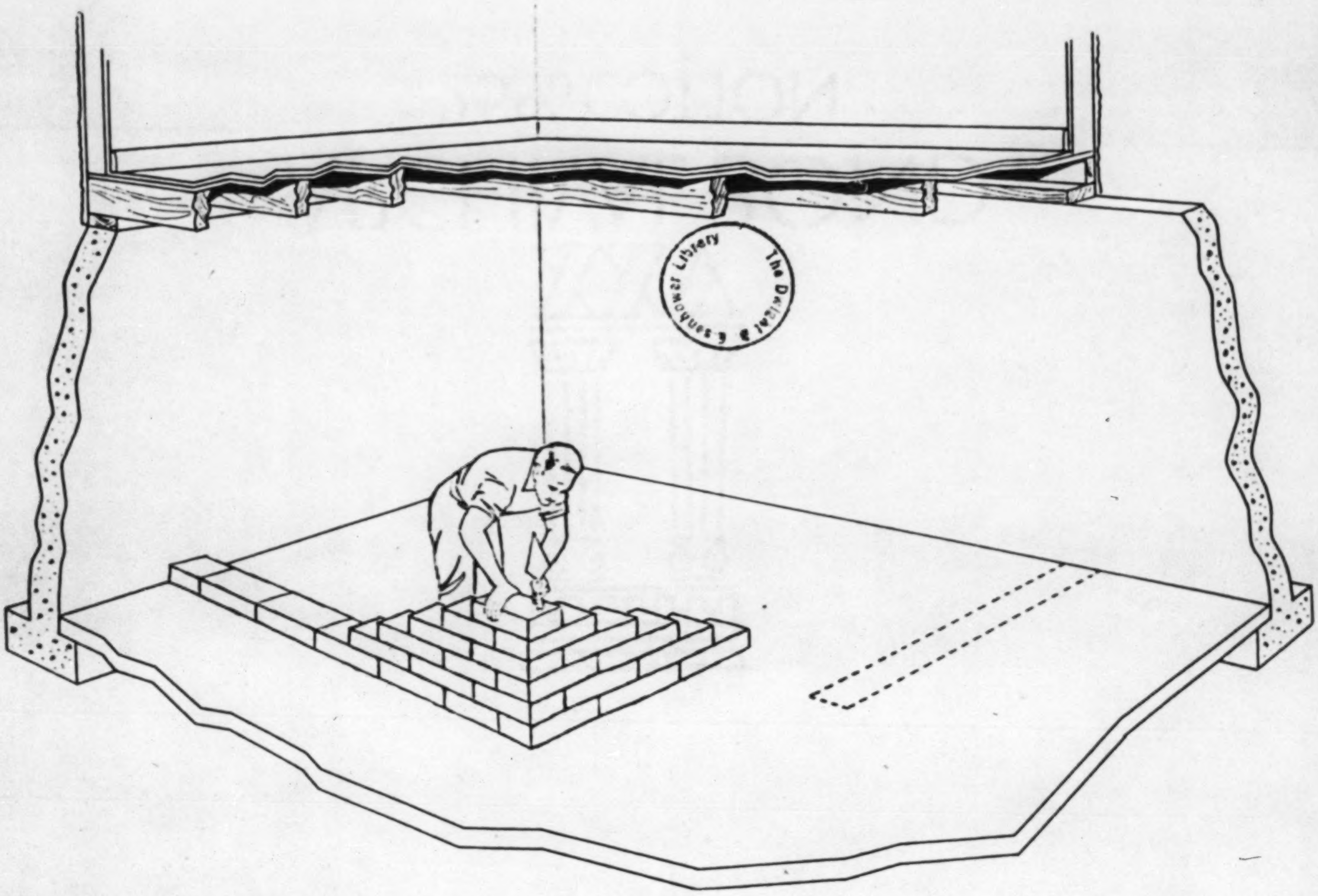


Figure 3

A row of solid concrete blocks is set in about three-eighths of an inch of wet mortar along guidelines marked on the basement floor. The corner is built about six blocks high (fig. 3). The remainder of the wall then is raised to the same height. The corner is built up once more and the wall again raised to its level. The wall is not raised all the way to the basement ceiling. Clear space of at least 16 inches is needed overhead to permit the later construction of the shelter roof. The top rows of concrete blocks are not set on the wall until after the roof is in place.

Ventilation is provided by an open doorway and vents near the floor in one wall. The four vents are simply small gaps in one layer of blocks.

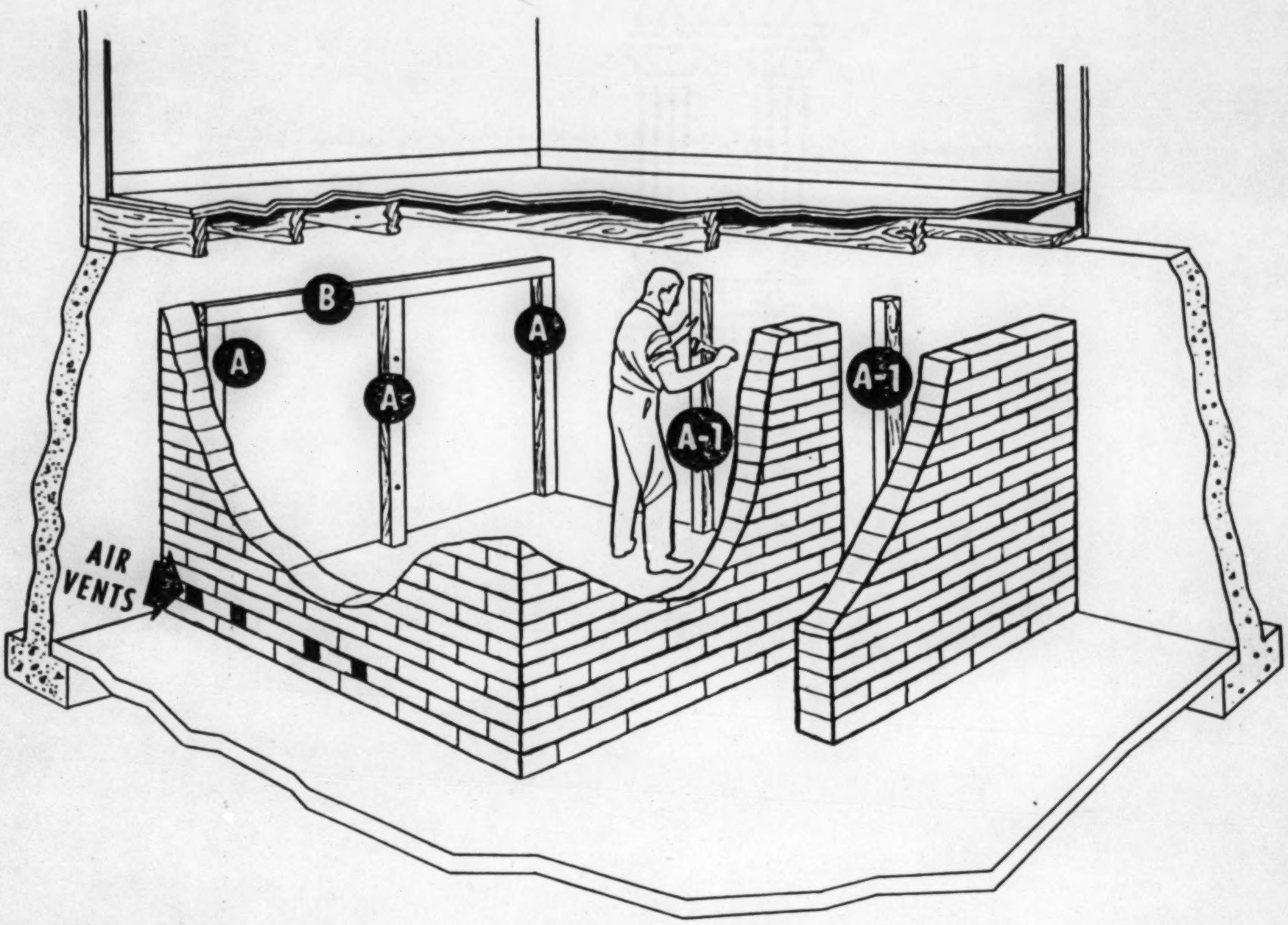


Figure 4

The wall protecting the shelter entrance from direct radiation should be the same height as the main shelter walls. The posts (marked "A" and "A-1" in fig. 4) that support the roof beams are fixed to the basement walls with ½-inch anchor bolts. The height of the posts marked "A-1" should equal the height of post "A" plus the thickness of beam "B." A wall beam (marked "B" in fig. 4) is put in place against the rear wall from one corner post to the other. The beam should be nailed to the uprights on which it rests.

The roof beams (marked "C" in fig. 5) are installed after the mortar in the block wall has dried at least a day. One end of each roof beam is nailed to the wall beam (marked "B" in fig. 5). The roof beams are placed on edge. Wood braces (marked "D" in fig. 5) hold them in place.

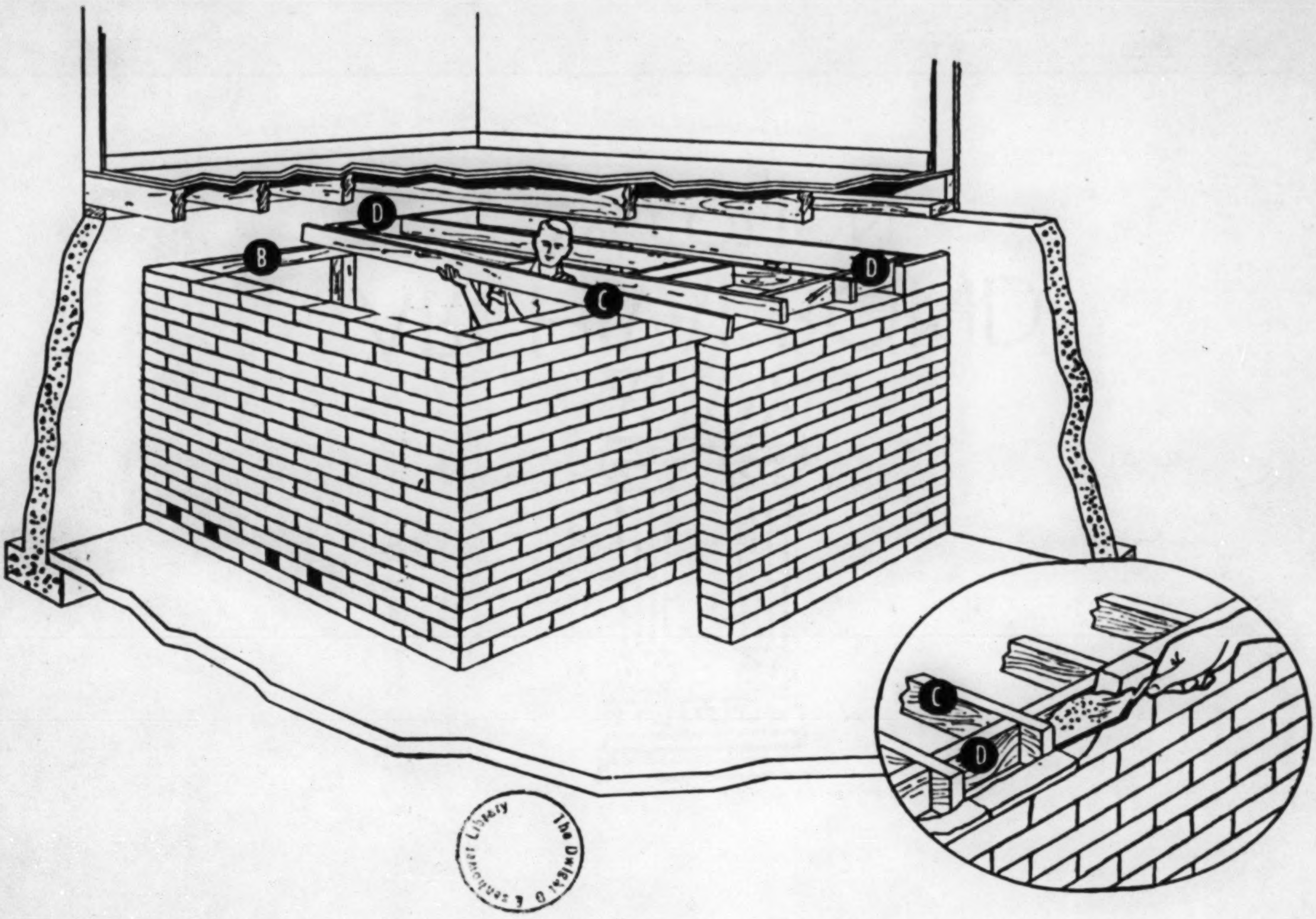


Figure 5

At the entrance side of the shelter, each roof beam is rested on the inside 4 inches of the block wall. The outside 4-inch space is filled by mortaring blocks on edge. The wooden bracing between the roof beams is placed flush with the inside of the wall. Mortar is poured between this bracing and the 4-inch blocks on edge to complete the wall thickness for radiation shielding. (For details see inset, fig. 5.)

The first one or two roof boards (marked "E" in fig. 6) are slipped into place across the roof beams, from outside the shelter. These boards are nailed to the roof beams by reaching up through the open space between the beams, from inside the shelter. Concrete blocks are passed between the beams and put on the boards. The roof blocks are in two layers and are not mortared together.

Work on the roof continues in this way. The last roof boards are covered with blocks from outside the shelter.

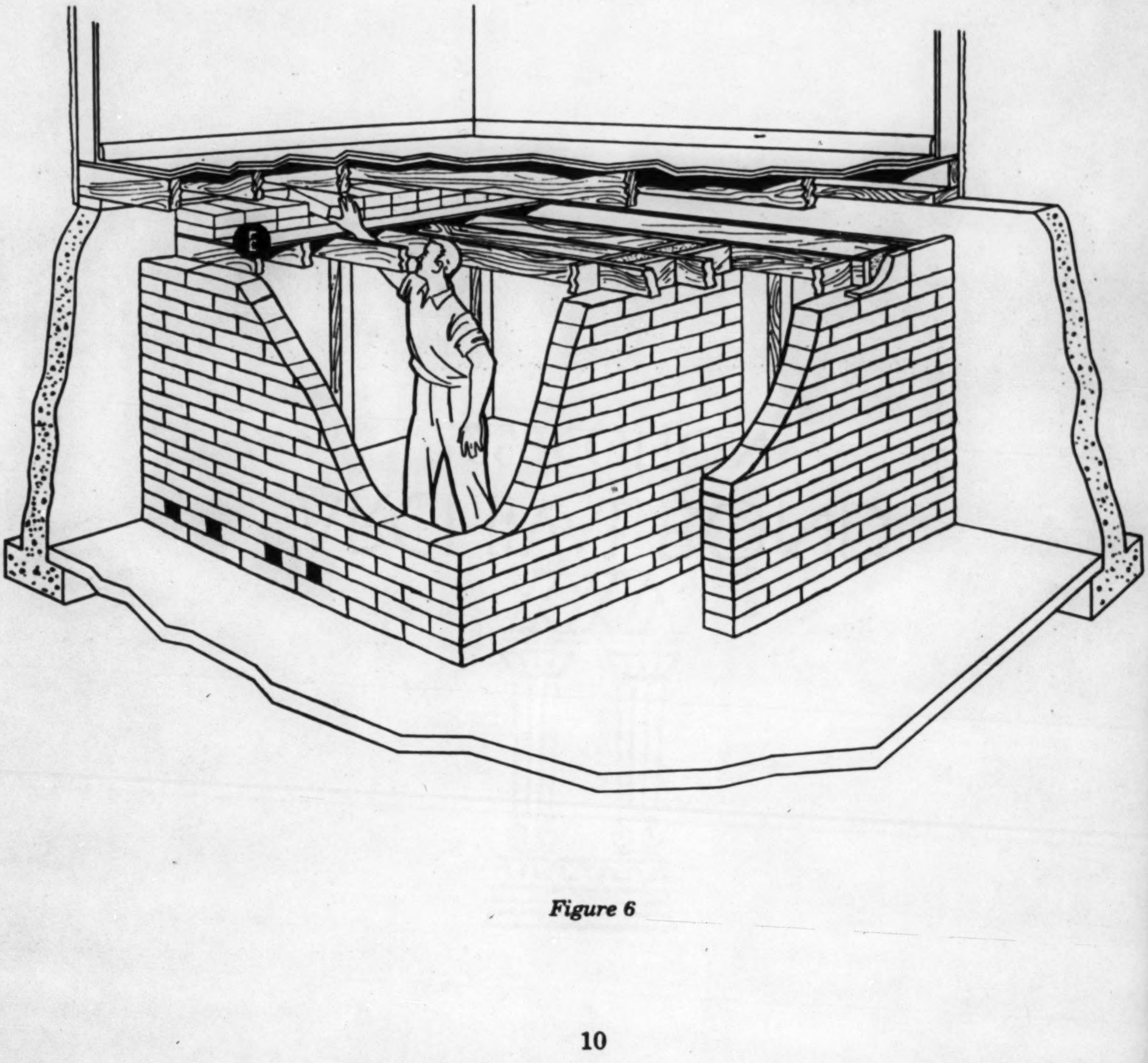


Figure 6

When the roof blocks are all in place, the final rows of wall blocks are mortared into position. The structure is complete. (See fig. 7.) Building plans are on page 21.

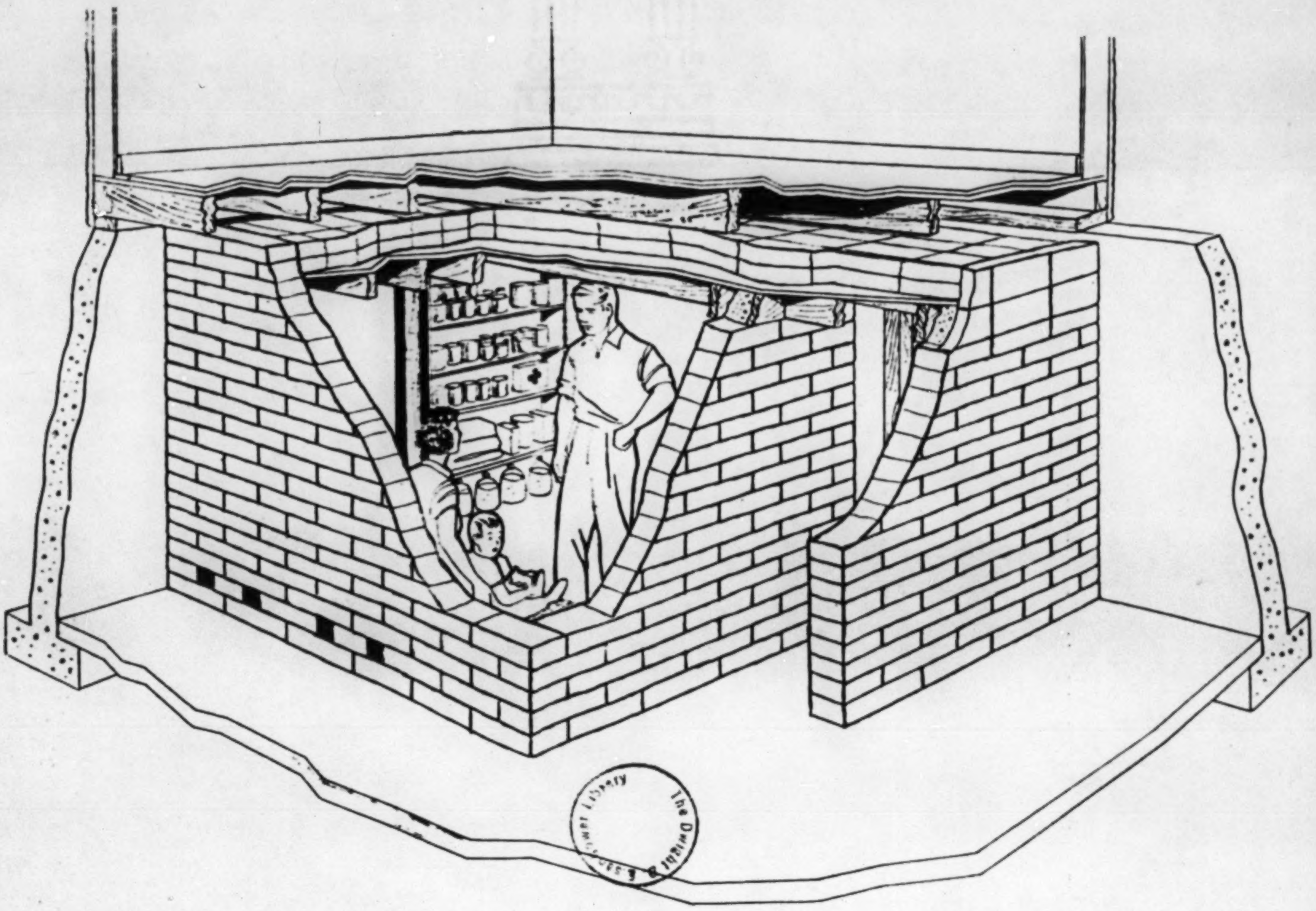


Figure 7—Basement Concrete Block Shelter

Solid concrete blocks, relatively heavy and dense, are used for this shelter. These blocks are sold in various sizes so it seldom is necessary to cut a block to fit.

Solid blocks are recommended because hollow blocks would have to be filled with concrete to give effective protection.

Bricks are an alternative. If they are used, the walls and roof should be 10 inches thick to give the same protection as the 8-inch solid concrete blocks.

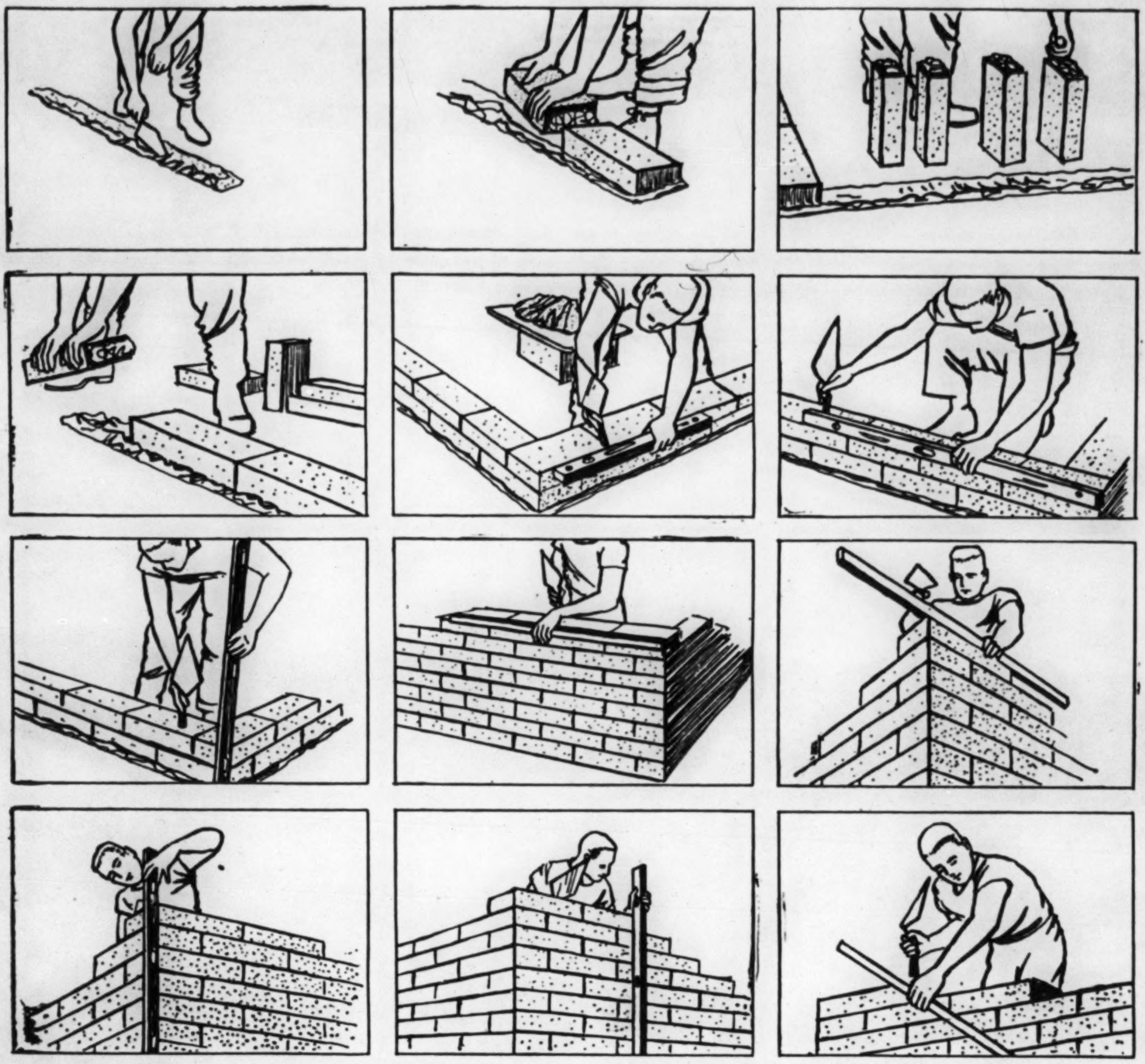


Figure 8

The illustrations in fig. 8 show how to lay a concrete block wall. More detailed instructions may be obtained from your local building supply houses and craftsmen. Other sources of information include the National Concrete Masonry Association, 38 South Dearborn Street, Chicago, Ill., the Portland Cement Association, 33 West Grand Avenue, Chicago, Ill., and the Structural Clay Products Association, Washington, D.C.

ABOVEGROUND DOUBLE-WALL SHELTER

An outdoor, aboveground fallout shelter also may be built with concrete blocks. (See fig. 9, double-wall shelter.) Most people would have to hire a contractor to build this shelter. Plans are on pages 22 and 23.

This shelter could be built in regions where water or rock is close to the surface, making it impractical to build an underground shelter.

Two walls of concrete blocks are constructed at least 20 inches apart. The space between them is filled with pit-run gravel or earth. The walls are held together with metal ties placed in the wet mortar as the walls are built.

The roof shown here (fig. 9) is a 6-inch slab of reinforced concrete, covered with at least 20 inches of pit-run gravel. An alternate roof, perhaps more within do-it-yourself reach, could be constructed of heavy wooden roof beams, overlaid with boards and waterproofing. It would have to be covered with at least 28 inches of pit-run gravel.

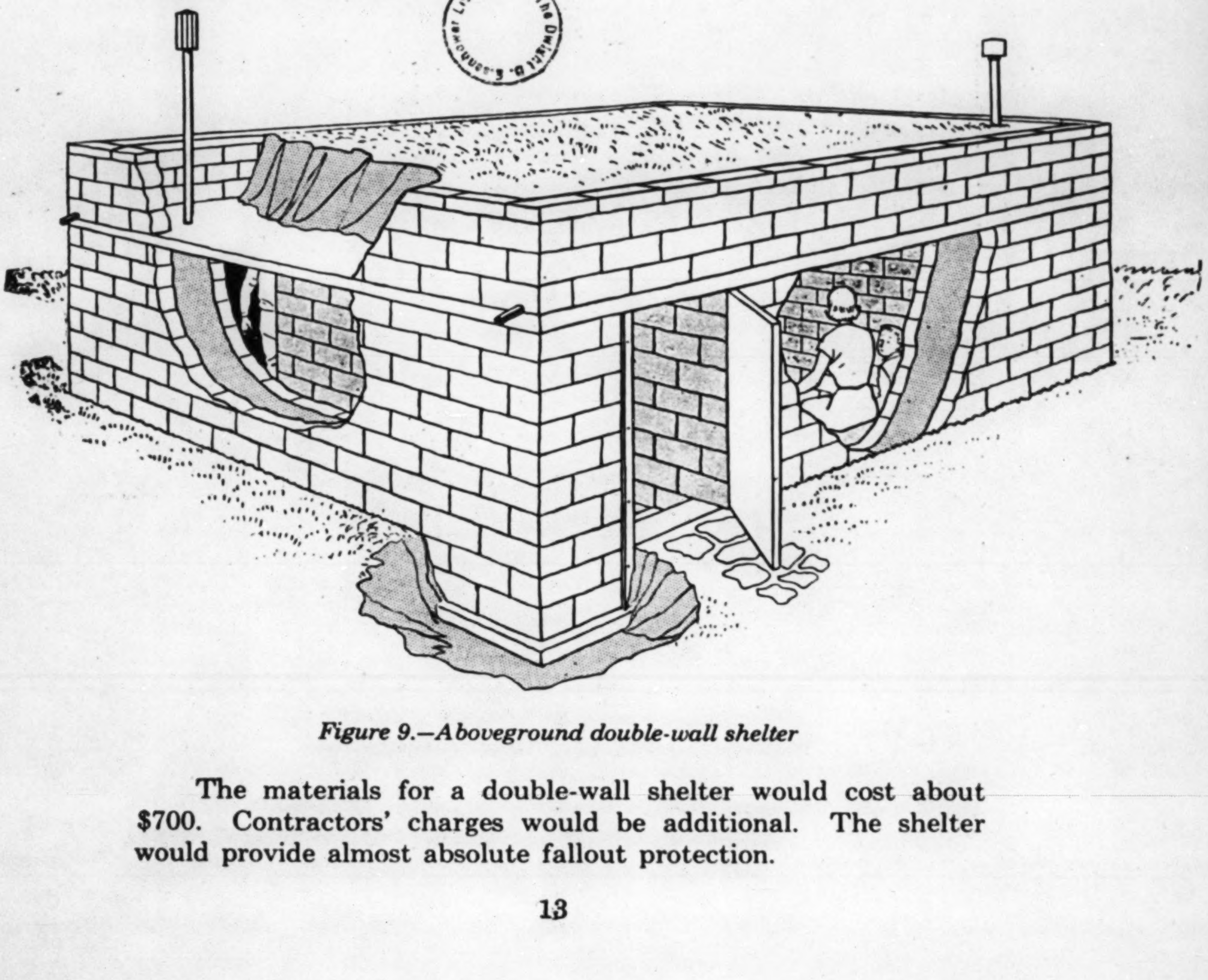


Figure 9.—Aboveground double-wall shelter

The materials for a double-wall shelter would cost about $700. Contractors' charges would be additional. The shelter would provide almost absolute fallout protection.

PRE-SHAPED METAL SHELTER

Pre-shaped corrugated metal sections or pre-cast concrete can be used for shelters either above or below ground. These are particularly suitable for regions where water or rock is close to the surface. They form effective fallout shelters when mounded over with earth, as shown in figure 10.

Materials for this shelter would cost about $700. A contractor probably would be required to help build it. His charges would be added to the cost of materials. This shelter, as shown on page 24, would provide almost absolute protection from fallout radiation. An alternate hatchway entrance, shown on page 25, would reduce the cost of materials $50 to $100.

The National Lumber Manufacturers Association, Washington, D. C., is developing plans to utilize specially treated lumber for underground shelter construction. The Structural Clay Products Institute, Washington, D.C., is working to develop brick and clay products suitable for shelter construction.

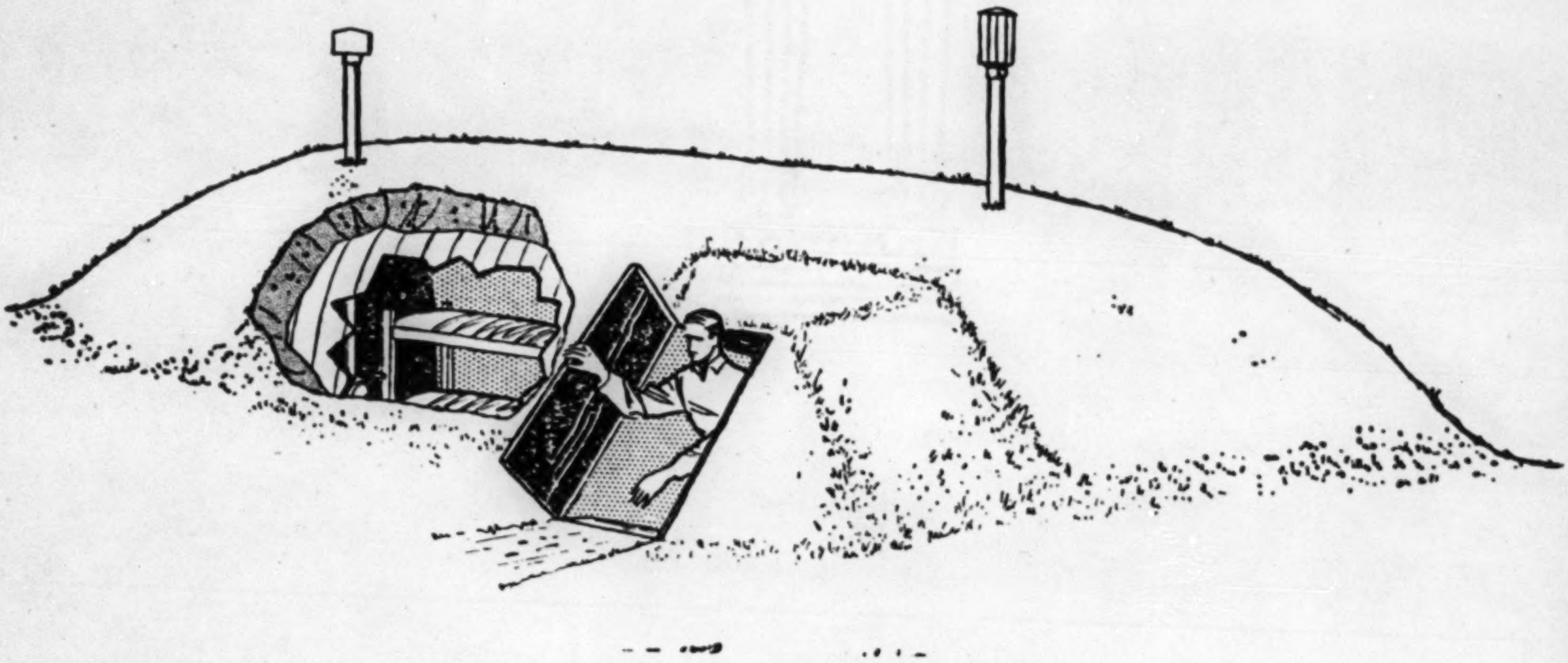


Figure 10.—Pre-shaped metal shelter

UNDERGROUND CONCRETE SHELTER

An underground reinforced concrete shelter can be built by a contractor for about $1,000 to $1,500, depending on the type of entrance. The shelter shown would provide almost absolute fallout protection.

The illustration (fig. 11) shows this shelter with the roof at ground level and mounded over. The same shelter could be built into an embankment or below ground level. Plans for the shelter, with either a stairway or hatchway entrance, are shown on pages 26 and 27.

Another type of shelter which gives excellent fallout protection can be built as an added room to the basement of a home under construction. It would add about $500 to the total cost of the home. The shelter illustrated in figure 12 is based on such a room built in a new home in the Washington, D.C., area in the Spring of 1959.

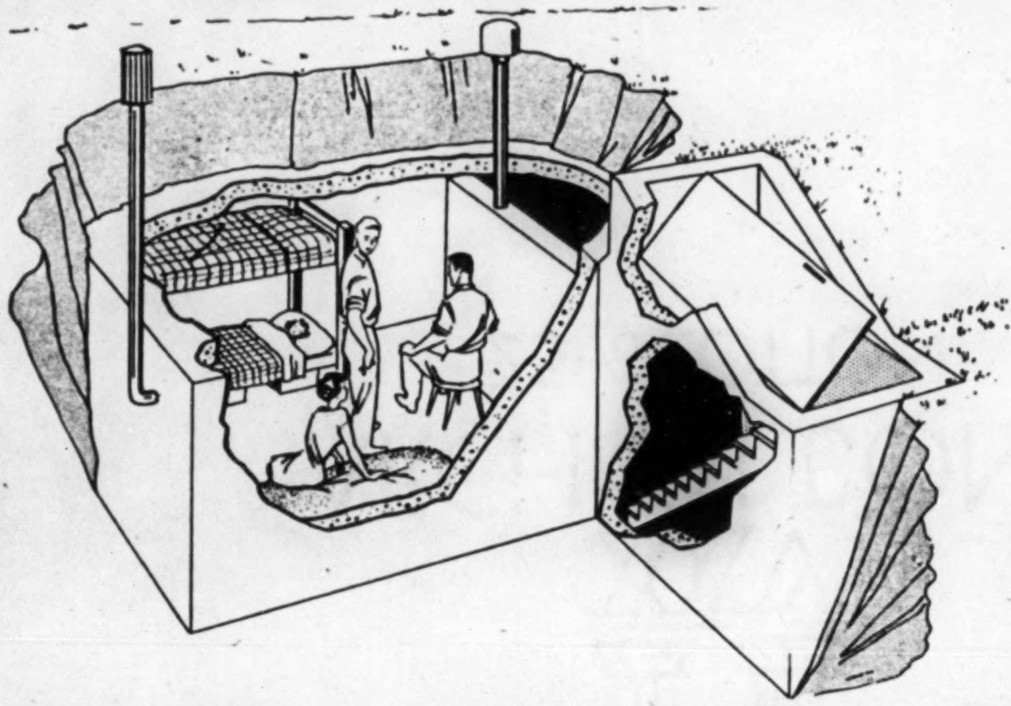


Figure 11.–Underground concrete shelter

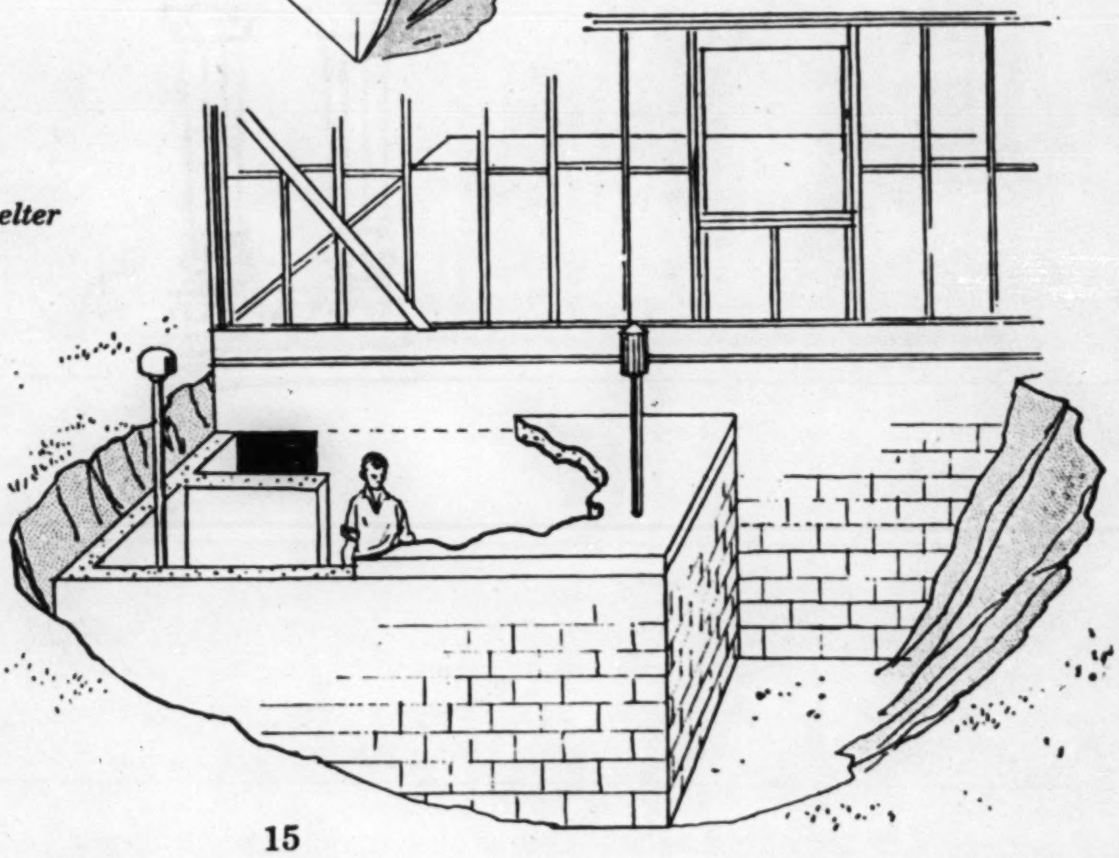
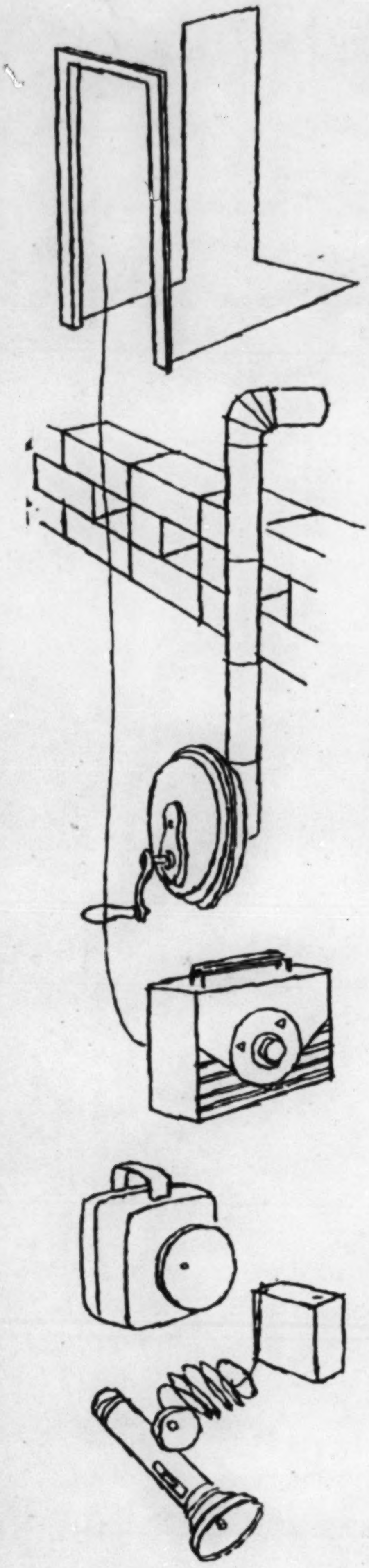


Figure 12.–Concrete basement shelter in new housing



IMPORTANT CONSIDERATIONS common to each type of shelter are:

1. Arrangement of the entrance.
2. Ventilation.
3. Radio reception.
4. Lighting.

THE ENTRANCE must have at least one right-angle turn. Radiation scatters somewhat like light. Some will go around a corner. The rest continues in a straight line. Therefore, sharp turns in a shelter entrance will reduce radiation intensity inside the shelter.

VENTILATION is provided in a concrete block basement shelter by vents in the wall and by the open entrance. A blower may be installed to increase comfort.

A blower is essential for the double-wall shelter and for the underground shelters. It should provide not less than 5 cubic feet per minute of air per person. Vent pipes also are necessary (as shown in figs. 9, 10, and 11), but filters are not.

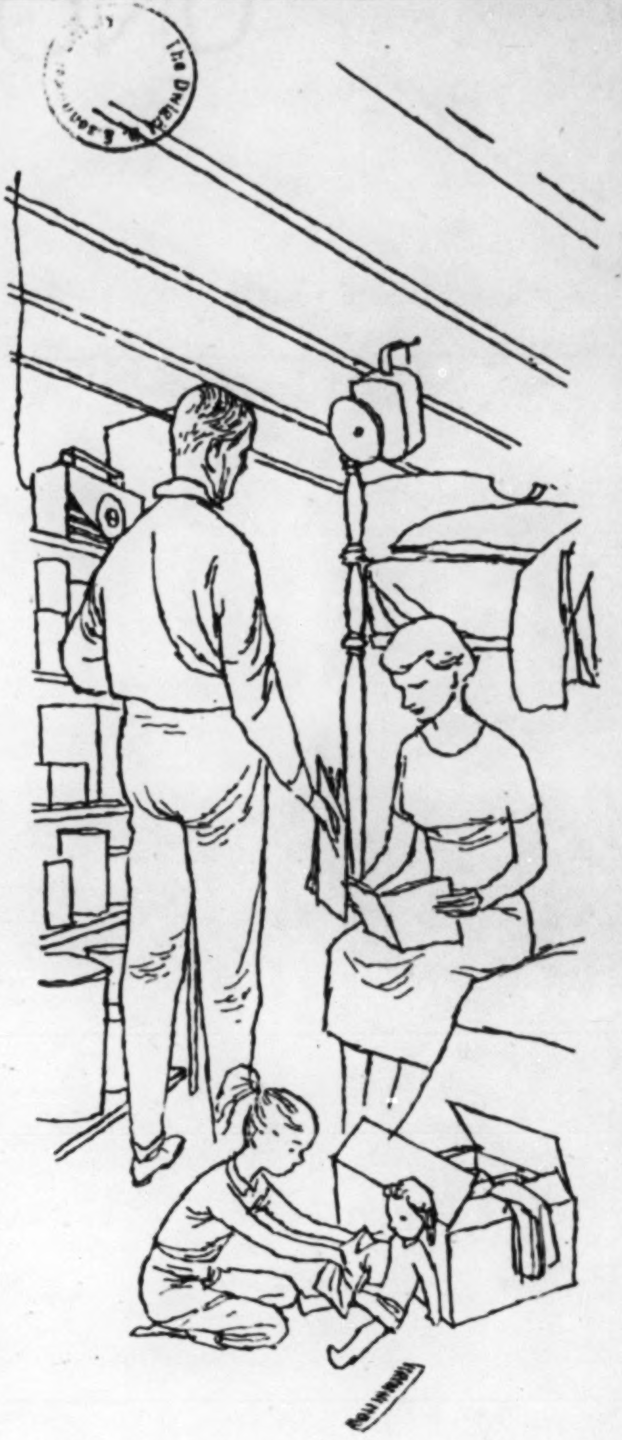
RADIO RECEPTION is cut down by the shielding necessary to keep out radiation. As soon as the shelter is completed a radio reception check must be made. It probably will be necessary to install an outside antenna, particularly to receive CONELRAD broadcasts.

LIGHTING is an important consideration. Continuous low-level lighting may be provided in the shelter by means of a 4-cell hot-shot battery to which is wired a 150-milliampere flashlight-type bulb. Tests have shown that such a device, with a fresh battery, will furnish light continuously for at least 10 days. With a spare battery, a source of light for 2 weeks or more would be assured. A flashlight or electric lantern also should be available for those periods when a brighter light is needed. There should be a regular electrical outlet in the shelter as power may continue in many areas.

OTHER CONSIDERATIONS.—If there are outside windows in the basement corner where you build a shelter, they should be shielded as shown in the Appendix, page 29. Other basement windows should be blocked when an emergency threatens. Basement walls that project above the ground should be shielded as shown in the Appendix, page 29.

In these shelters the entrance should be not more than 2 feet wide. Bunks, or materials to build them, may have to be put inside the enclosure before the shelter walls are completed.

The basement or belowground shelters also will serve for tornado or hurricane protection.



The radioactivity of fallout decays rapidly at first. *Forty-nine hours after an atomic burst the radiation intensity is only about 1 percent of what it was an hour after the explosion. But the radiation may be so intense at the start that one percent may be extremely dangerous.*

Therefore, civil defense instructions received over CONELRAD or by other means should be followed. A battery-powered radio is essential. When radiation meters suitable for home use are available they will be of value in locating that portion of the home which offers the best protection against fallout radiation. There is a possibility that battery-powered radios with built-in radiation meters may become available. One instrument thus would serve both purposes.

Your local civil defense will gather its own information and will receive broad information from State and Federal sources. It will tell you as soon as possible:

How long to stay in your shelter.
How soon you may go outdoors.
How long you may stay outside.

You should be prepared to stay in your shelter full time for at least several days and to make it your home for 14 days or longer. A checklist in the Appendix, (page 30) tells what is needed. Families with children will have particular problems. They should provide for simple recreation.

There should be a task for everyone and these tasks should be rotated. Part of the family should be sleeping while the rest is awake.

To break the monotony it may be necessary to invent tasks that will keep the family busy. Records such as diaries can be kept.

The survival of the family will depend largely on information received by radio. A record should be kept of the information and instructions, including the time and date of broadcast.

Family rationing probably will be necessary.

Blowers should be operated periodically on a regular schedule.

There will come a time in a basement shelter when the radiation has decayed enough to allow use of the whole basement. However, as much time as possible should be spent within the shelter to hold radiation exposure to a minimum.

The housekeeping problems of living in a shelter will begin as soon as the shelter is occupied. Food, medical supplies, utensils, and equipment, if not already stored in the shelter, must be quickly gathered up and carried into it.

After the family has settled in the shelter, the housekeeping rules should be spelled out by the adult in charge.

Sanitation in the confines of the family shelter will require much thought and planning.

Provision for emergency toilet facilities and disposal of human wastes will be an unfamiliar problem. A covered container such as a kitchen garbage pail might do as a toilet. A 10-gallon garbage can, with a tightly fitting cover, could be used to keep the wastes until it is safe to leave the shelter.

Water rationing will be difficult and should be planned carefully.

A portable electric heater is advisable for shelters in cold climates. It would take the chill from the shelter in the beginning. Even if the electric power fails after an attack, any time that the heater has been used will make the shelter that much more comfortable. Body heat in the close quarters will help keep up the temperature. Warm clothing and bedding, of course, are essential.

Open-flame heating or cooking should be avoided. A flame would use up air.

Some families already have held weekend rehearsals in their home shelters to learn the problems and to determine for themselves what supplies they would need.

IV. If An Attack Finds You Without A Prepared Shelter

Few areas, if any, are as good as prepared shelters but they are worth knowing about.

A family dwelling without a basement provides some natural shielding from fallout radiation. On the ground floor the radiation would be about half what it is outside. The best protection would be on the ground floor in the central part of the house.

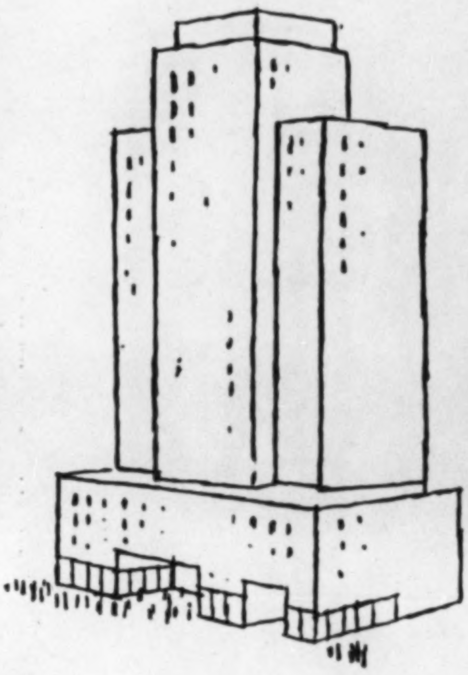
A belowground basement can cut the fallout radiation to one-tenth of the outside level. The safest place is the basement corner least exposed to windows and deepest below ground.

If there is time after the warning, the basement shielding could be improved substantially by blocking windows with bricks, dirt, books, magazines, or other heavy material.

V. Shelter In Apartment Buildings

Large apartment buildings of masonry or concrete provide better natural shelter than the usual family dwellings. In general, such apartments afford more protection than smaller buildings because their walls are thick and there is more space.

The central area of the ground floor of a heavily constructed apartment building, with concrete floors, should provide more fallout protection than the ordinary basement of a family dwelling. The basement of such an apartment building may provide as much natural protection as the specially constructed concrete block shelter recommended for the basement of a family dwelling.



The Federal Government is aiding local governments in several places to survey residential, commercial and industrial buildings to determine what fallout protection they would provide, and for how many people.

The problem for the city apartment dweller is primarily to plan the use of existing space. Such planning will require the cooperation of other occupants and of the apartment management. The space available should be identified and assigned to those who are to use it. The plan will work more smoothly if it is rehearsed. The owner of the building may find it necessary to modify the basement ventilation, water supply, and sanitation system.

You probably would have time to carry your family supplies from your apartment to the basement after an attack warning, before fallout arrives.

VI. Why Prepare A Shelter Now?

Fallout can threaten more people than blast and heat in a nuclear attack.

We do not want a war. We do not know whether there will be a war. But we know that forces hostile to us possess weapons that could destroy us if we were unready. These weapons create a new threat—radioactive fallout that can spread death anywhere.

That is why we must prepare.

No matter where you live a fallout shelter is necessary insurance. It will not be needed except in emergency. But in emergency it will be priceless—as priceless as your life.

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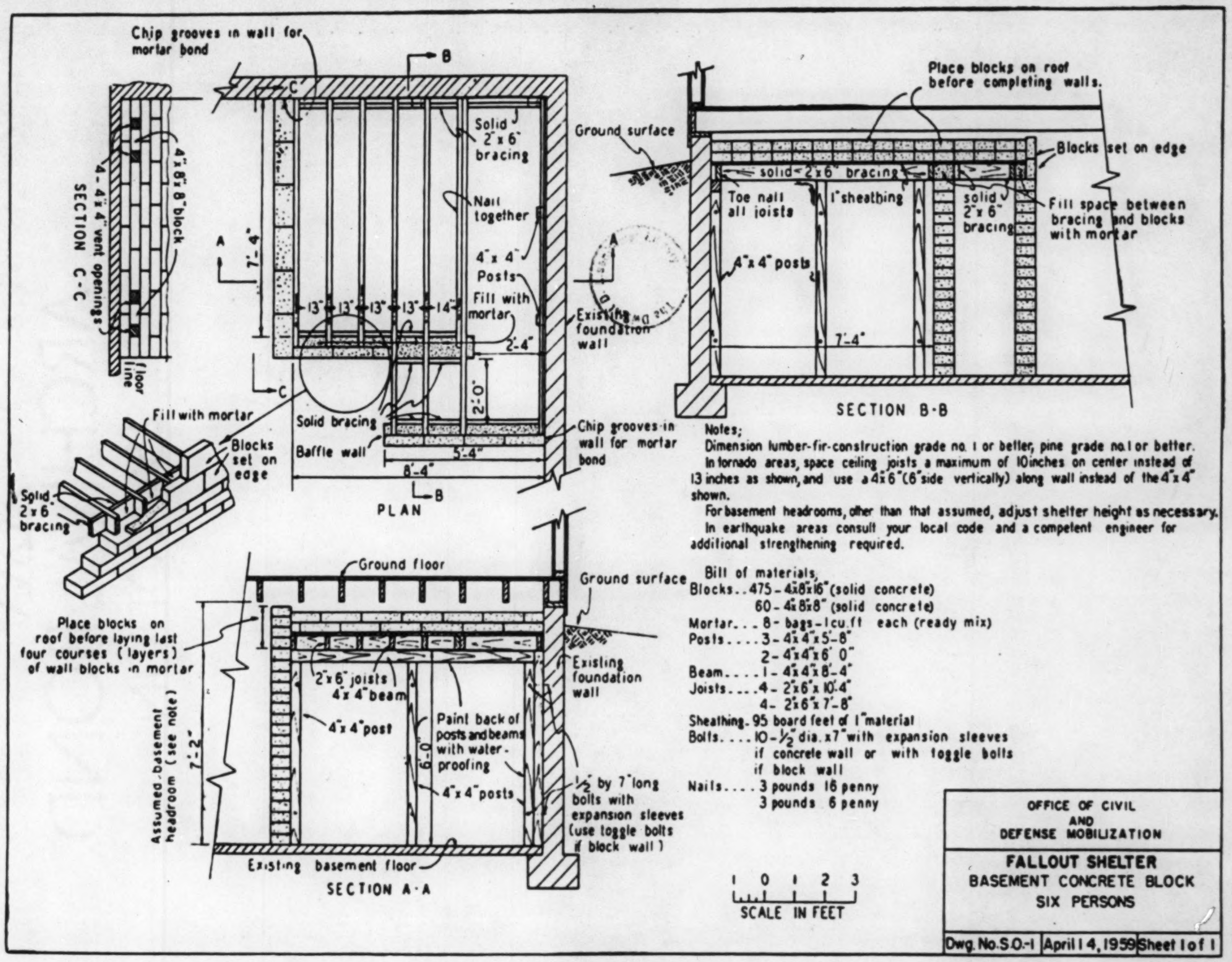
[1] Larger scale drawings may be obtained through your local civil defense organization, or from OCDM, Battle Creek, Mich.


Chip grooves in wall for mortar bond
B
C
Solid 2"x 6" bracing
Nail together
4"x 4" Posts
Fill with mortar
Existing foundation wall
Ground surface
A
7'-4"
13" 13" 13" 13" 14"
2'-4"
2'-0"
5'-4"
8'-4"
Solid bracing
Baffle wall
Chip grooves in wall for mortar bond
PLAN
4"x8"x8" block
4 - 4"x4" vent openings
floor line
SECTION C-C
Fill with mortar
Blocks set on edge
Solid 2x6 bracing
Place blocks on roof before completing walls.
Blocks set on edge
solid 2"x6" bracing
Toe nail all joists
1" sheathing
solid 2"x 6" bracing
Fill space between bracing and blocks with mortar
4"x 4" posts
7'-4"
SECTION B-B
Ground floor
Ground surface
Place blocks on roof before laying last four courses (layers) of wall blocks in mortar
2"x6" joists
4"x 4" beam
4"x 4" post
Paint back of posts and beams with water-proofing
6'-0"
4"x 4" posts
Existing foundation wall
1/2" by 7" long bolts with expansion sleeves (use toggle bolts if block wall)
Assumed basement headroom (see note)
7'-2"
Existing basement floor
SECTION A-A
1 0 1 2 3
SCALE IN FEET

Notes;

Dimension lumber-fir-construction grade no. 1 or better, pine grade no. 1 or better.

In tornado areas, space ceiling joists a maximum of 10 inches on center instead of 13 inches as shown, and use a 4"x 6" (6" side vertically) along wall instead of the 4"x 4" shown.

For basement headrooms, other than that assumed, adjust shelter height as necessary.

In earthquake areas consult your local code and a competent engineer for additional strengthening required.

Bill of materials,

Blocks..475 - 4"x8"x16" (solid concrete)
60 - 4"x8"x8" (solid concrete)
Mortar... 8 - bags - 1 cu. ft each (ready mix)
Posts.....3 - 4"x4"x5'-8"
2 - 4"x4"x6' 0"
Beam.....1 - 4"x4"x8'-4"
Joists....4 - 2"x6"x10'-4"
4 - 2"x6"x7'-8"
Sheathing. 95 board feet of 1" material
Bolts.....10 - 1/2" dia. x7" with expansion sleeves if concrete wall or with toggle bolts if block wall
Nails.....3 pounds 16 penny
3 pounds 6 penny

OFFICE OF CIVIL
AND
DEFENSE MOBILIZATION

FALLOUT SHELTER
BASEMENT CONCRETE BLOCK
SIX PERSONS

Dwg. No. S.O.-1	April 14, 1959	Sheet 1 of 1

Figure 13

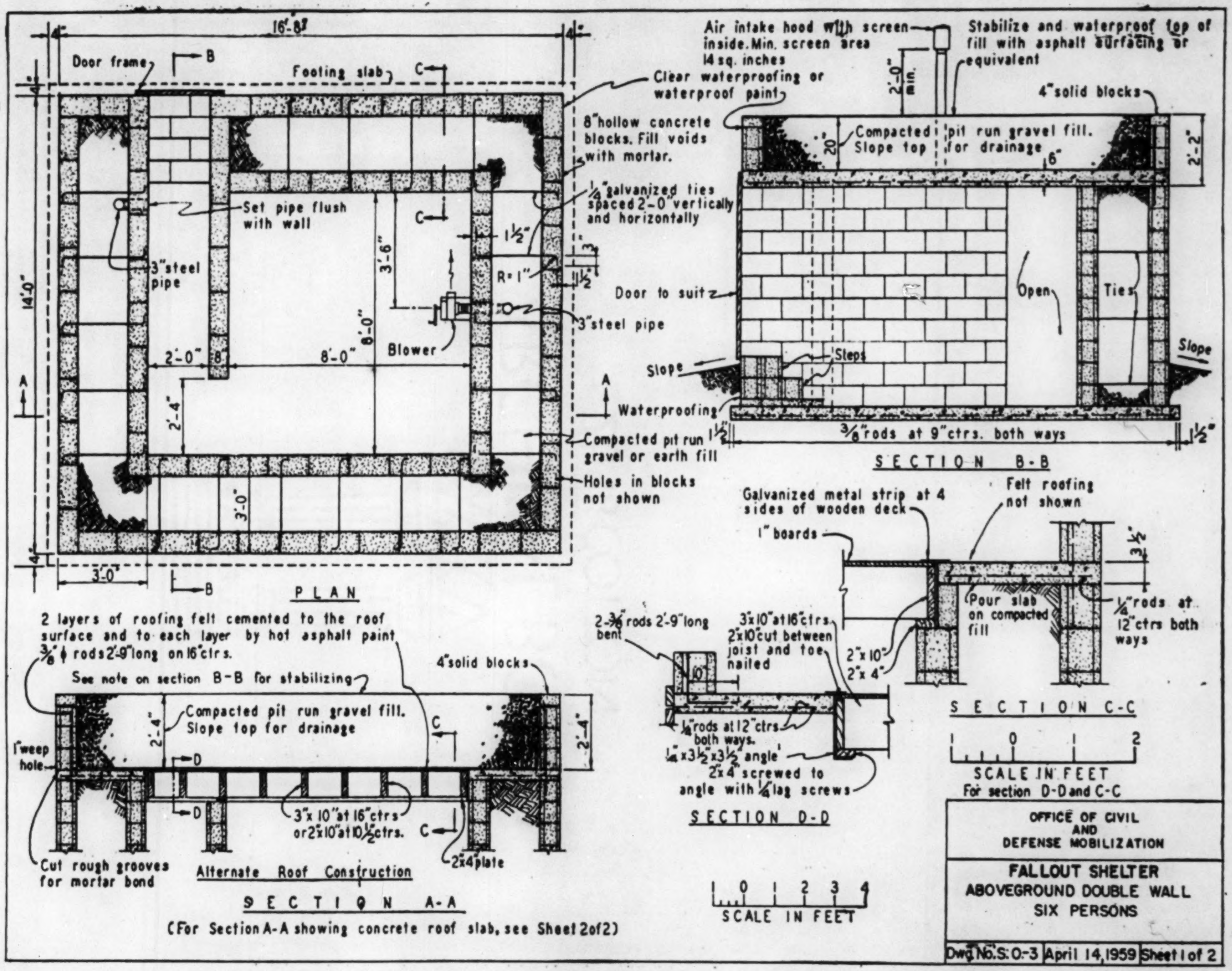

16'-8"
4"
4"
Door frame
B
Footing slab
C
14'-0"
Set pipe flush with wall
3" steel pipe
3'-6"
8'-0"
2'-0"
8'-0"
8"
Blower
2'-4"
3'-0"
3'-0"
1½"
R=1"
3"
1½"
3" steel pipe
A
PLAN
Clear waterproofing or waterproof paint
8" hollow concrete blocks. Fill voids with mortar.
¼" galvanized ties spaced 2'-0" vertically and horizontally
Door to suit
Waterproofing
Compacted pit run gravel or earth fill
Holes in blocks not shown
Air intake hood with screen inside. Min. screen area 14 sq. inches
2'-0" min.
Stabilize and waterproof top of fill with asphalt surfacing or equivalent
4" solid blocks
Compacted pit run gravel fill. Slope top for drainage
20"
6"
2'-2"
Open
Ties
Slope
Steps
Slope
1½"
⅜" rods at 9" ctrs. both ways
1½"
SECTION B-B
2 layers of roofing felt cemented to the roof surface and to each layer by hot asphalt paint
⅜" ϕ rods 2'-9" long on 16" ctrs.
See note on section B-B for stabilizing
4" solid blocks
Compacted pit run gravel fill. Slope top for drainage
2'-4"
2'-4"
1" weep hole
D
D
3" x 10" at 16" ctrs or 2" x 10" at 10½" ctrs.
C
C
Cut rough grooves for mortar bond
2" x 4" plate
Alternate Roof Construction
SECTION A-A
(For Section A-A showing concrete roof slab, see Sheet 2 of 2)
Galvanized metal strip at 4 sides of wooden deck
Felt roofing not shown
1" boards
3½"
Pour slab on compacted fill
¼" rods at 12" ctrs both ways
2" x 10"
2" x 4"
SECTION C-C
1 0 1 2
SCALE IN FEET
For section D-D and C-C
2-⅜" rods 2'-9" long bent
10"
3" x 10" at 16" ctrs.
2" x 10" cut between joist and toe nailed
¼" rods at 12" ctrs. both ways.
¼" x 3½" x 3½" angle
2" x 4" screwed to angle with ¼" lag screws
SECTION D-D
1 0 1 2 3 4
SCALE IN FEET
OFFICE OF CIVIL AND DEFENSE MOBILIZATION
FALLOUT SHELTER
ABOVEGROUND DOUBLE WALL
SIX PERSONS
Dwg. No. S. O-3
April 14, 1959
Sheet 1 of 2

Figure 14

Notes,

6-4"x8"x16" and 16-4"x8"x8" solid blocks must be provided for 8" thick wall to be laid up without mortar across the doorway after shelter is occupied

Solid concrete blocks or brick may be used.

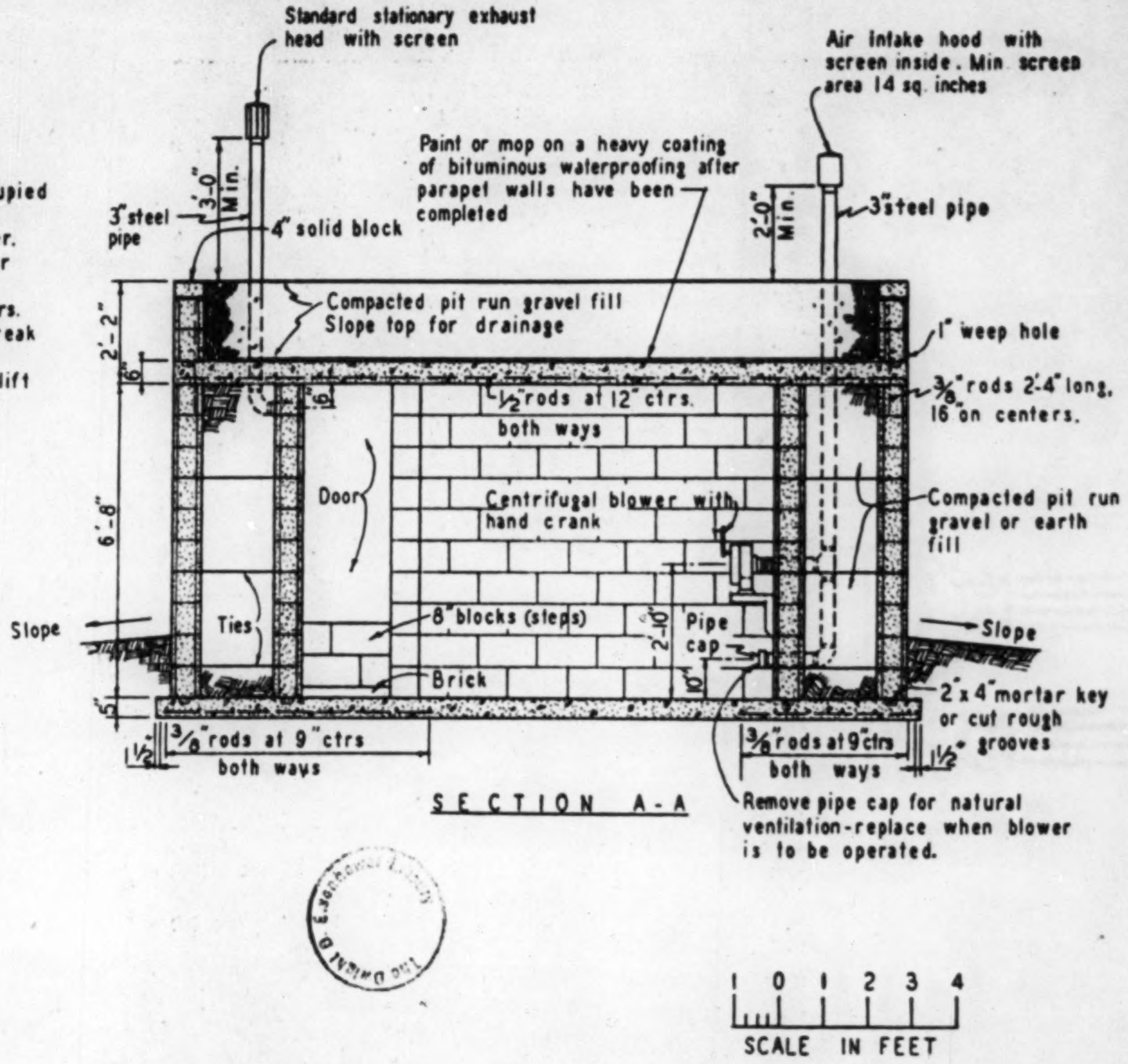
If brick is used for walls fill must be 6" thicker.

Build walls in 2'-0" lifts (heights) or less. Let mortar harden for each lift.

Then compact the earth fill thoroughly in 4" layers. Compaction to be done carefully so as not to break the mortar bond.

Protect the compacted soil from water for each lift

Gravel may be compacted in 8" layers.



Standard stationary exhaust head with screen
Air intake hood with screen inside. Min. screen area 14 sq. inches
Paint or mop on a heavy coating of bituminous waterproofing after parapet walls have been completed
3" steel pipe
3'-0" Min.
4" solid block
2'-0" Min.
3" steel pipe
Compacted pit run gravel fill
Slope top for drainage
1" weep hole
3/8" rods 2'-4" long, 16" on centers.
1/2" rods at 12" ctrs. both ways
2'-2"
6"
6'-8"
5"
Door
Centrifugal blower with hand crank
Compacted pit run gravel or earth fill
Ties
8" blocks (steps)
Pipe cap
2'-10"
10"
Slope
Slope
Brick
2" x 4" mortar key or cut rough grooves
1 1/2"
3/8" rods at 9" ctrs both ways
3/8" rods at 9" ctrs both ways
1 1/2"
SECTION A-A
Remove pipe cap for natural ventilation-replace when blower is to be operated.
1 0 1 2 3 4
SCALE IN FEET

OFFICE OF CIVIL
AND
DEFENSE MOBILIZATION

FALLOUT SHELTER
ABOVEGROUND DOUBLE WALL
SIX PERSONS

Dwg.No.S-O-3 | April 14, 1959 | Sheet 2 of 2

Figure 15

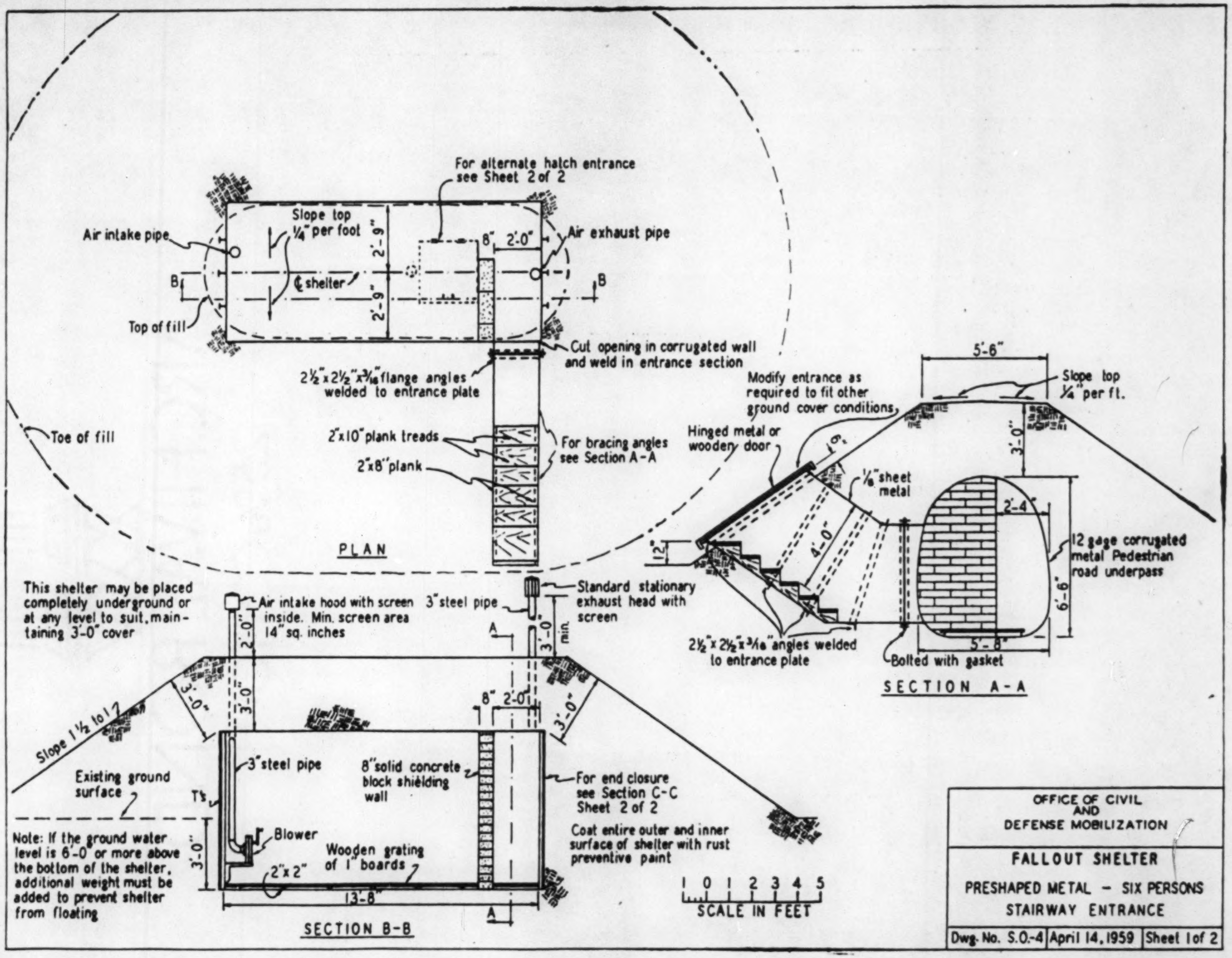

For alternate hatch entrance see Sheet 2 of 2
Slope top 1/4" per foot
Air intake pipe
Air exhaust pipe
2'-9"
2'-9"
8"
2'-0"
B
B
℄ shelter
Top of fill
Toe of fill
Cut opening in corrugated wall and weld in entrance section
2½"x2½"x3/16" flange angles welded to entrance plate
2"x10" plank treads
2"x8" plank
For bracing angles see Section A-A
PLAN
Modify entrance as required to fit other ground cover conditions
Hinged metal or wooden door
5'-6"
Slope top 1/4" per ft.
6"
3'-0"
1/8" sheet metal
4'-0"
12"
2'-4"
12 gage corrugated metal Pedestrian road underpass
6'-6"
5'-8"
2½"x2½"x3/16" angles welded to entrance plate
Bolted with gasket
SECTION A-A
This shelter may be placed completely underground or at any level to suit, maintaining 3'-0" cover
Air intake hood with screen inside. Min. screen area 14" sq. inches
3" steel pipe
Standard stationary exhaust head with screen
A
A
2'-0"
3'-0" min.
3'-0"
3'-0"
3'-0"
8"
2'-0"
Slope 1½ to 1
Existing ground surface
T's
3" steel pipe
8" solid concrete block shielding wall
For end closure see Section C-C Sheet 2 of 2
Blower
Wooden grating of 1" boards
2"x2"
3'-0"
13'-8"
Note: If the ground water level is 6'-0" or more above the bottom of the shelter, additional weight must be added to prevent shelter from floating
Coat entire outer and inner surface of shelter with rust preventive paint
1 0 1 2 3 4 5
SCALE IN FEET
SECTION B-B
OFFICE OF CIVIL AND DEFENSE MOBILIZATION
FALLOUT SHELTER
PRESHAPED METAL - SIX PERSONS
STAIRWAY ENTRANCE
Dwg. No. S.O.-4
April 14, 1959
Sheet 1 of 2

Figure 16

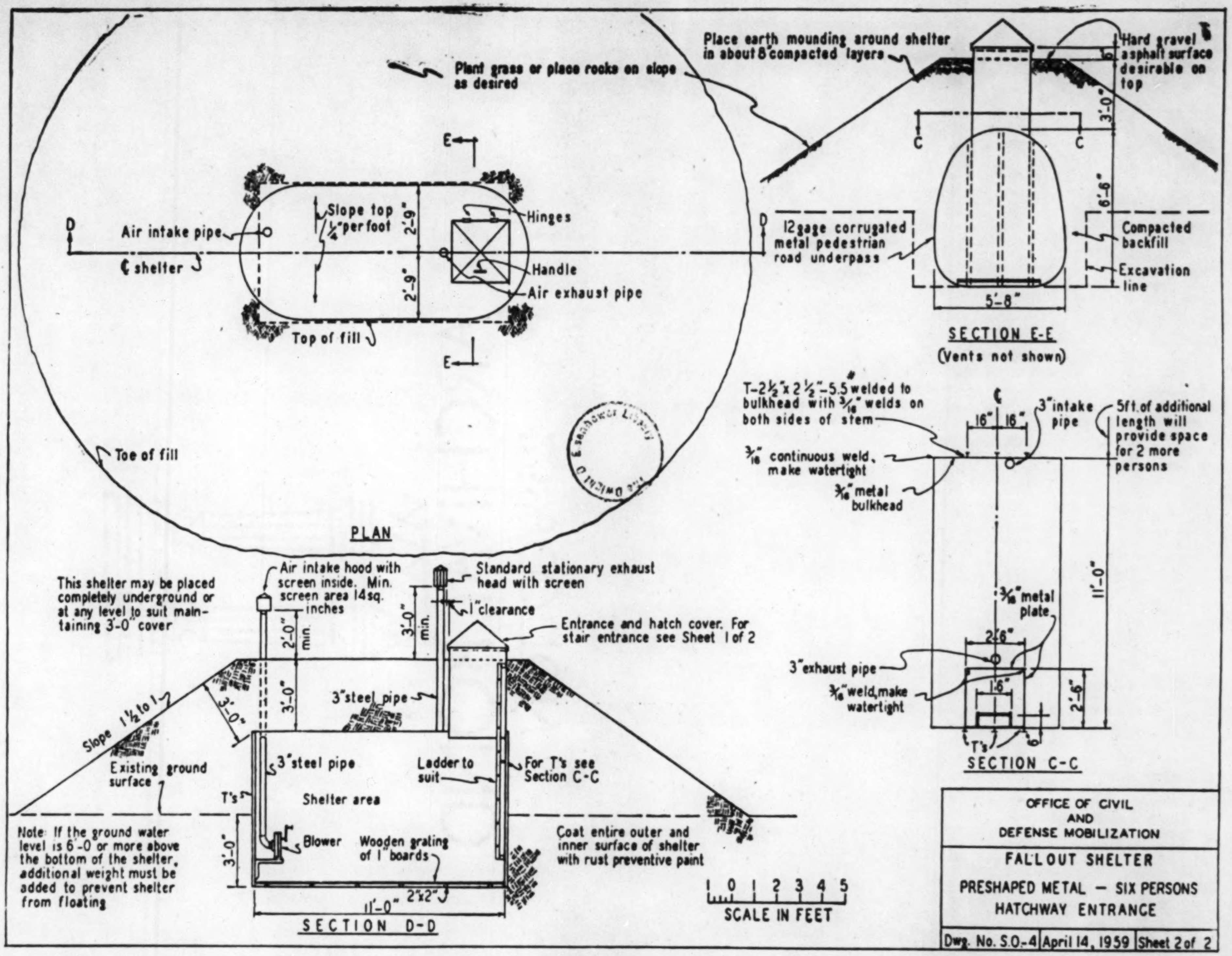
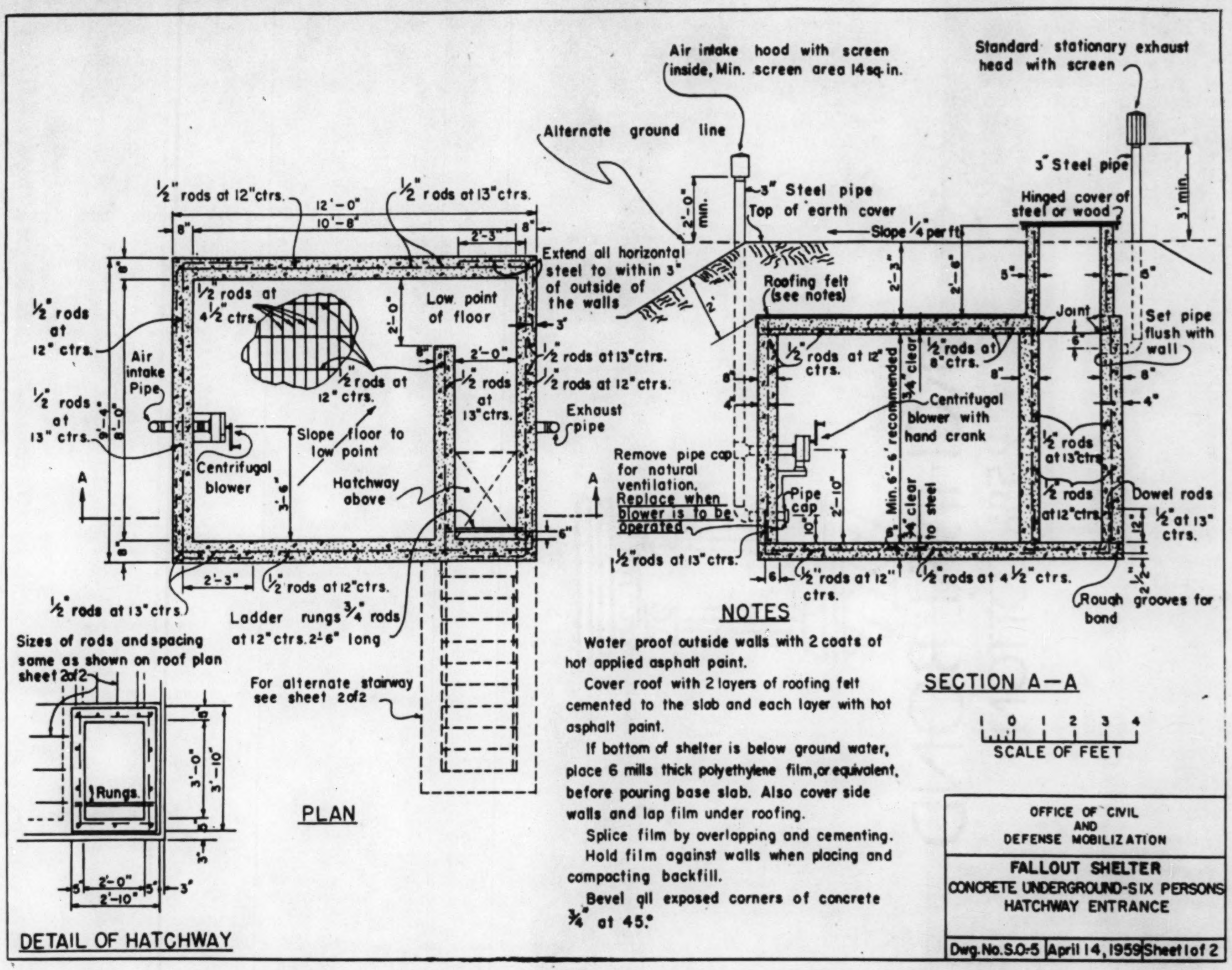

Plant grass or place rocks on slope as desired
Place earth mounding around shelter in about 8" compacted layers
Hard gravel & asphalt surface desirable on top
3'-0"
C
C
6'-6"
12 gage corrugated metal pedestrian road underpass
Compacted backfill
Excavation line
5'-8"
SECTION E-E
(Vents not shown)
D
D
Air intake pipe
℄ shelter
Slope top 1/4" per foot
2'-9"
2'-9"
Hinges
Handle
Air exhaust pipe
E
E
Top of fill
Toe of fill
PLAN
T-2½"x 2½"-5.5# welded to bulkhead with 3/16" welds on both sides of stem
℄
16"
16"
3" intake pipe
5 ft. of additional length will provide space for 2 more persons
3/16" continuous weld, make watertight
3/16" metal bulkhead
11'-0"
3/16" metal plate
2'6"
3" exhaust pipe
1'6"
3/16" weld, make watertight
2'-6"
T's
SECTION C-C
This shelter may be placed completely underground or at any level to suit maintaining 3'-0" cover
Air intake hood with screen inside. Min. screen area 14 sq. inches
2'-0" min.
Standard stationary exhaust head with screen
3'-0" min.
1" clearance
Entrance and hatch cover. For stair entrance see Sheet 1 of 2
3'-0"
3'-0"
3" steel pipe
Slope 1½ to 1
Existing ground surface
3" steel pipe
Ladder to suit
For T's see Section C-C
T's
Shelter area
Note: If the ground water level is 6'-0 or more above the bottom of the shelter, additional weight must be added to prevent shelter from floating
3'-0"
Blower
Wooden grating of 1" boards
2"x2"
11'-0"
Coat entire outer and inner surface of shelter with rust preventive paint
SECTION D-D
1 0 1 2 3 4 5
SCALE IN FEET
OFFICE OF CIVIL AND DEFENSE MOBILIZATION
FALLOUT SHELTER
PRESHAPED METAL — SIX PERSONS
HATCHWAY ENTRANCE
Dwg. No. S.O.-4
April 14, 1959
Sheet 2 of 2

Figure 17


Air intake hood with screen inside, Min. screen area 14 sq. in.
Standard stationary exhaust head with screen
Alternate ground line
3" Steel pipe
3" Steel pipe
Top of earth cover
Hinged cover of steel or wood
Slope 1/4" per ft.
2'-0" min.
3' min.
1/2" rods at 12" ctrs.
1/2" rods at 13" ctrs.
12'-0"
10'-8"
8"
2'-3"
8"
Extend all horizontal steel to within 3" of outside of the walls
1/2" rods at 12" ctrs.
1/2" rods at 13" ctrs.
1/2" rods at 4 1/2" ctrs.
1/2" rods at 12" ctrs.
Air intake Pipe
Low point of floor
2'-0"
3"
8"
2'-0"
1/2" rods at 13" ctrs.
1/2" rods at 12" ctrs.
1/2" rods at 13" ctrs.
Exhaust pipe
9'-4"
8'-0"
Centrifugal blower
Slope floor to low point
3'-6"
Hatchway above
A
A
6"
8"
8"
2'-3"
1/2" rods at 12" ctrs.
1/2" rods at 13" ctrs.
Ladder rungs 3/4" rods at 12" ctrs. 2'-6" long
For alternate stairway see sheet 2 of 2
PLAN
Sizes of rods and spacing same as shown on roof plan sheet 2 of 2
Rungs
3'-0"
3'-10"
5"
5"
3"
2'-0"
2'-10"
3"
DETAIL OF HATCHWAY
Roofing felt (see notes)
2'
2'-3"
2'-6"
5"
5"
Joint
Set pipe flush with wall
6"
8"
4"
8"
4"
1/2" rods at 12" ctrs.
1/2" rods at 8" ctrs.
8"
3/4" clear
Min. 6'-6" recommended
3/4" clear to steel
Centrifugal blower with hand crank
1/2" rods at 13" ctrs.
1/2" rods at 12" ctrs.
Dowel rods 1/2" at 13" ctrs.
12"
2 1/2"
Remove pipe cap for natural ventilation. Replace when blower is to be operated
Pipe cap
2'-10"
10"
6"
1/2" rods at 13" ctrs.
1/2" rods at 12" ctrs.
1/2" rods at 4 1/2" ctrs.
Rough grooves for bond
SECTION A–A
0 1 2 3 4
SCALE OF FEET

NOTES

Water proof outside walls with 2 coats of hot applied asphalt paint.

Cover roof with 2 layers of roofing felt cemented to the slab and each layer with hot asphalt paint.

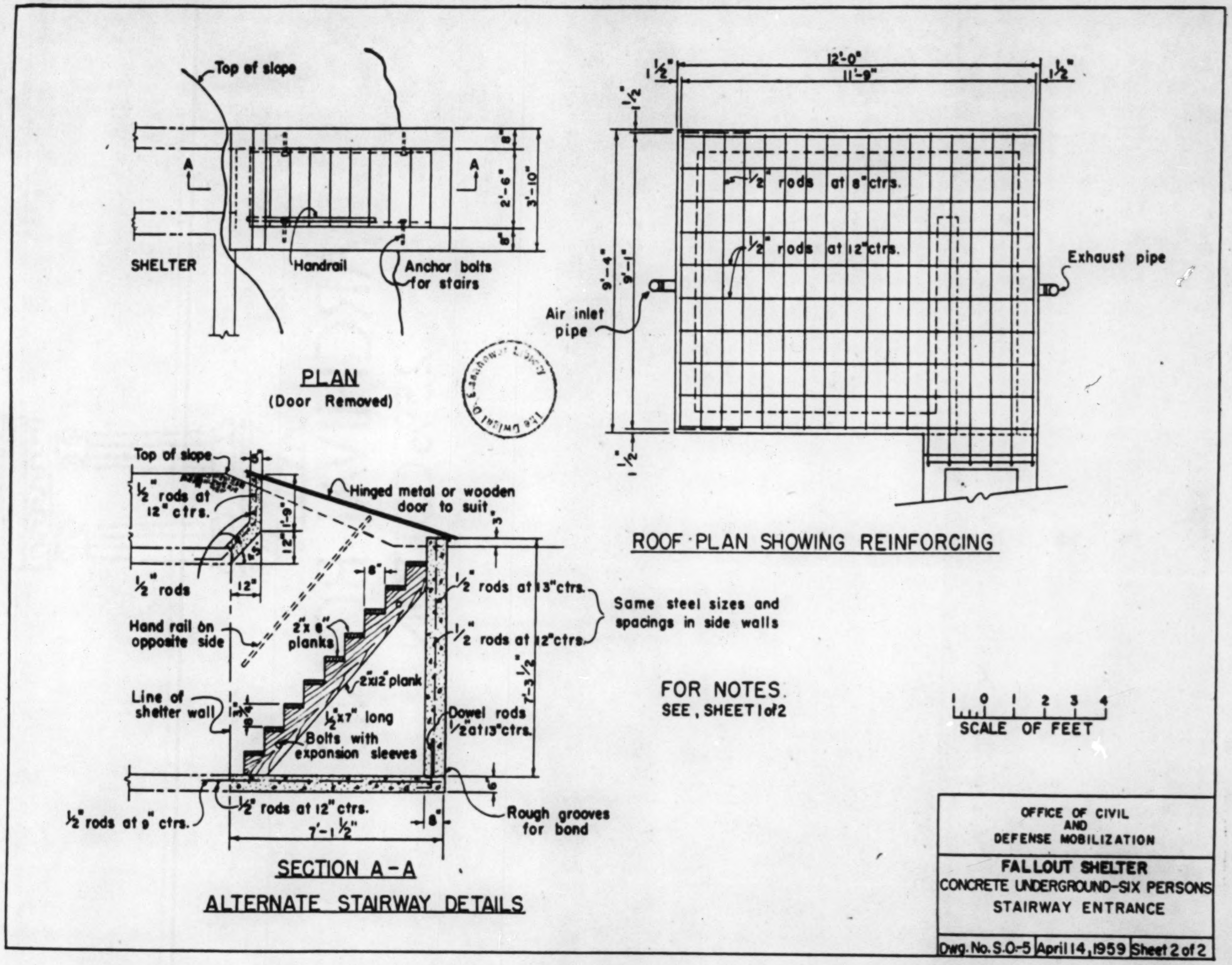
If bottom of shelter is below ground water, place 6 mills thick polyethylene film, or equivalent, before pouring base slab. Also cover side walls and lap film under roofing.

Splice film by overlapping and cementing. Hold film against walls when placing and compacting backfill.

Bevel all exposed corners of concrete 3/4" at 45°.

OFFICE OF CIVIL
AND
DEFENSE MOBILIZATION
FALLOUT SHELTER
CONCRETE UNDERGROUND-SIX PERSONS
HATCHWAY ENTRANCE
Dwg. No. S.O-5 | April 14, 1959 | Sheet 1 of 2

Figure 18



Top of slope
A
A
SHELTER
Handrail
Anchor bolts for stairs
8"
2'-6"
3'-10"
8"
PLAN
(Door Removed)
Top of slope
1/2" rods at 12" ctrs.
1/2" rods
Hinged metal or wooden door to suit
12"
1'-9"
8"
Hand rail on opposite side
2"x 8" planks
2"x12" plank
Line of shelter wall
1/2"x7" long Bolts with expansion sleeves
1/2" rods at 13" ctrs.
1/2" rods at 12" ctrs.
Same steel sizes and spacings in side walls
7'-3 1/2"
Dowel rods 1/2" at 13" ctrs.
1/2" rods at 9" ctrs.
1/2" rods at 12" ctrs.
7'-1 1/2"
8"
Rough grooves for bond
SECTION A-A
ALTERNATE STAIRWAY DETAILS
12'-0"
11'-9"
1 1/2"
1 1/2"
1/2" rods at 8" ctrs.
1/2" rods at 12" ctrs.
9'-4"
9'-1"
Air inlet pipe
Exhaust pipe
ROOF PLAN SHOWING REINFORCING
FOR NOTES. SEE, SHEET 1 of 2
SCALE OF FEET
1 0 1 2 3 4
OFFICE OF CIVIL AND DEFENSE MOBILIZATION
FALLOUT SHELTER
CONCRETE UNDERGROUND-SIX PERSONS
STAIRWAY ENTRANCE
Dwg. No. S.O-5
April 14, 1959
Sheet 2 of 2

Figure 19

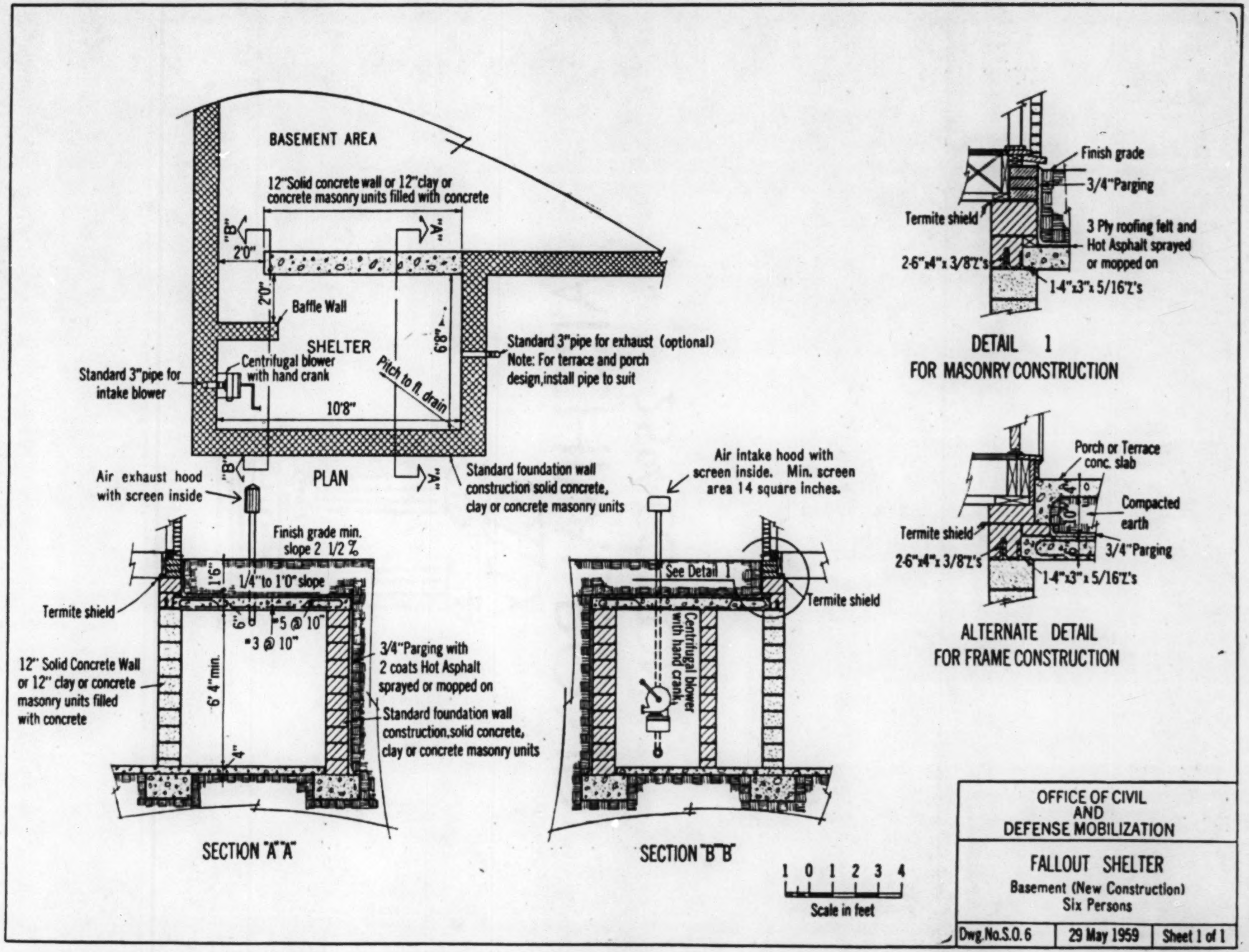

BASEMENT AREA
12" Solid concrete wall or 12" clay or concrete masonry units filled with concrete
"B"
"A"
2'0"
2'0"
Baffle Wall
SHELTER
6'8"
Centrifugal blower with hand crank
Standard 3" pipe for intake blower
10'8"
Pitch to fl. drain
Standard 3" pipe for exhaust (optional)
Note: For terrace and porch design, install pipe to suit
PLAN
Standard foundation wall construction solid concrete, clay or concrete masonry units
Air exhaust hood with screen inside
Finish grade min. slope 2 1/2 %
1'6"
1/4" to 1'0" slope
6"
#5 @ 10"
#3 @ 10"
6' 4" min.
4"
Termite shield
12" Solid Concrete Wall or 12" clay or concrete masonry units filled with concrete
3/4" Parging with 2 coats Hot Asphalt sprayed or mopped on
Standard foundation wall construction, solid concrete, clay or concrete masonry units
SECTION "A"-"A"
Air intake hood with screen inside. Min. screen area 14 square inches.
See Detail 1
Centrifugal blower with hand crank
Termite shield
SECTION "B"-"B"
1 0 1 2 3 4
Scale in feet
Finish grade
3/4" Parging
Termite shield
3 Ply roofing felt and Hot Asphalt sprayed or mopped on
2-6"x4"x 3/8" Z's
1-4"x3"x 5/16" Z's
DETAIL 1
FOR MASONRY CONSTRUCTION
Porch or Terrace conc. slab
Compacted earth
Termite shield
3/4" Parging
2-6"x4"x 3/8" Z's
1-4"x3"x 5/16" Z's
ALTERNATE DETAIL
FOR FRAME CONSTRUCTION
OFFICE OF CIVIL AND DEFENSE MOBILIZATION
FALLOUT SHELTER
Basement (New Construction)
Six Persons
Dwg. No. S.O. 6
29 May 1959
Sheet 1 of 1

Figure 20

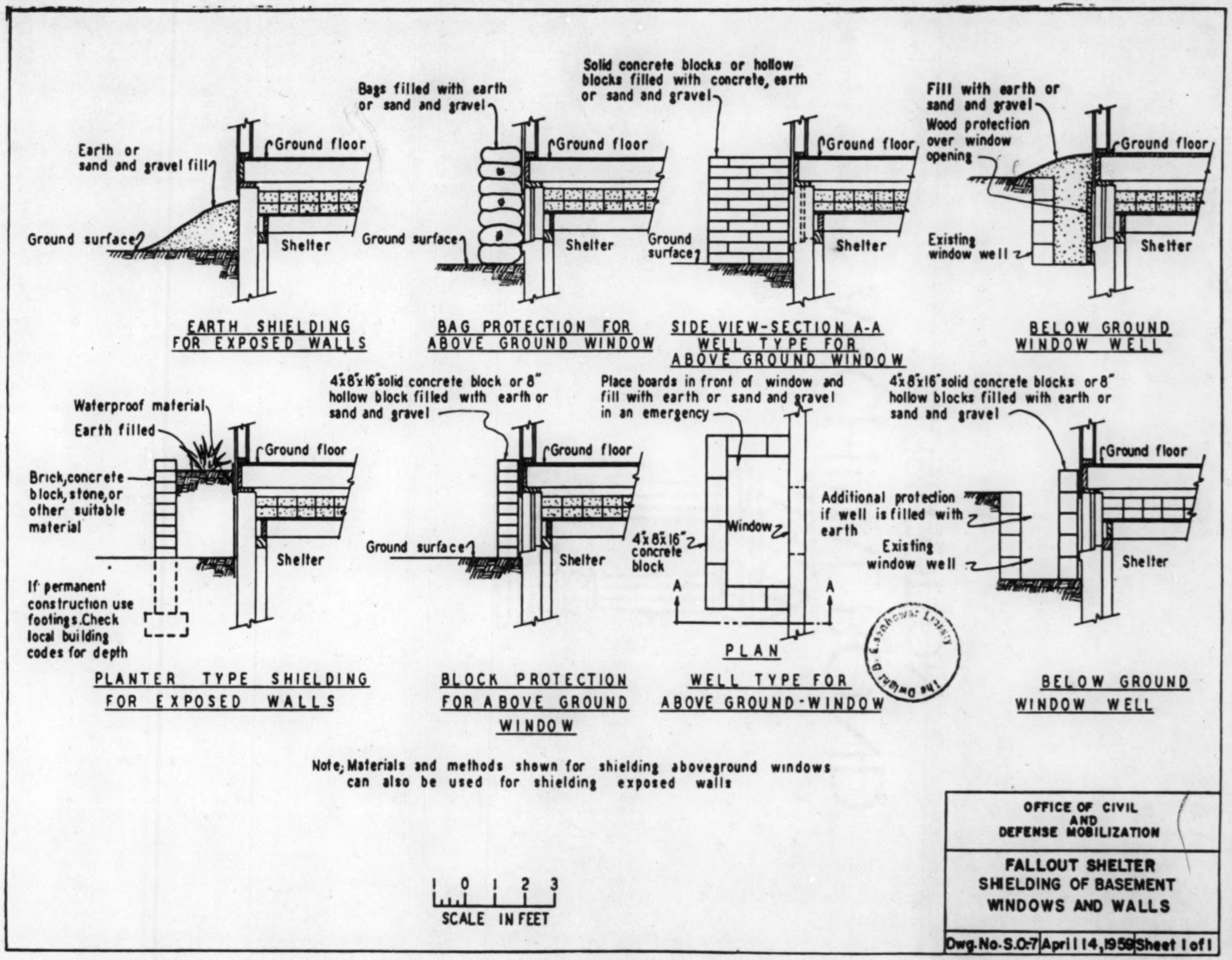
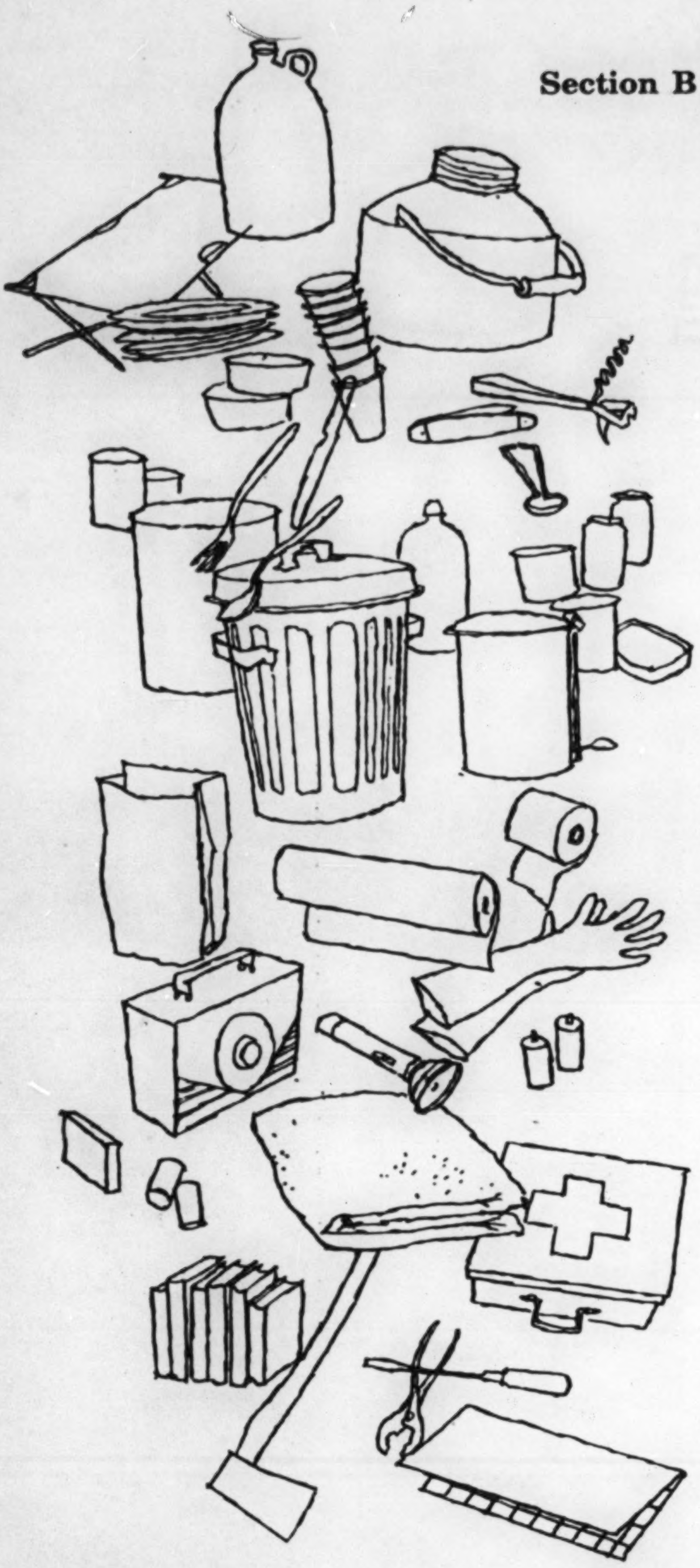

Earth or sand and gravel fill
Ground surface
Ground floor
Shelter
EARTH SHIELDING FOR EXPOSED WALLS
Bags filled with earth or sand and gravel
Ground surface
Ground floor
Shelter
BAG PROTECTION FOR ABOVE GROUND WINDOW
Solid concrete blocks or hollow blocks filled with concrete, earth or sand and gravel
Ground surface
Ground floor
Shelter
SIDE VIEW-SECTION A-A WELL TYPE FOR ABOVE GROUND WINDOW
Fill with earth or sand and gravel
Wood protection over window opening
Existing window well
Ground floor
Shelter
BELOW GROUND WINDOW WELL
Waterproof material
Earth filled
Brick, concrete block, stone, or other suitable material
If permanent construction use footings. Check local building codes for depth
Ground floor
Shelter
PLANTER TYPE SHIELDING FOR EXPOSED WALLS
4"x8"x16" solid concrete block or 8" hollow block filled with earth or sand and gravel
Ground surface
Ground floor
Shelter
BLOCK PROTECTION FOR ABOVE GROUND WINDOW
Place boards in front of window and fill with earth or sand and gravel in an emergency
Window
4"x8"x16" concrete block
A
A
PLAN
WELL TYPE FOR ABOVE GROUND-WINDOW
4"x8"x16" solid concrete blocks or 8" hollow blocks filled with earth or sand and gravel
Additional protection if well is filled with earth
Existing window well
Ground floor
Shelter
BELOW GROUND WINDOW WELL
Note; Materials and methods shown for shielding aboveground windows can also be used for shielding exposed walls
1 0 1 2 3
SCALE IN FEET
OFFICE OF CIVIL AND DEFENSE MOBILIZATION
FALLOUT SHELTER SHIELDING OF BASEMENT WINDOWS AND WALLS
Dwg. No. S.O-7
April 14, 1959
Sheet 1 of 1

Figure 21



SHELTER CHECKLIST

Section B

Food and cooking equipment:

- Water (2-week supply, a minimum of 7 gal. per person)
- Food (2-week supply)
- Eating utensils
- Paper plates, cups, and napkins (2-week supply)
- Openers for cans and bottles
- Pocket knife
- Special foods for babies and the sick

Supplies and equipment for sanitation:

- Can for garbage (20-gal.)
- Covered pail for toilet purposes
- Can for human wastes (10-gal.)
- Toilet tissue, paper towels, sanitary napkins, disposable diapers, ordinary and waterless soap
- Grocery bags, newspapers for soil bags
- Household chlorine (2 pt.) and DDT (1 qt. of 5% solution)
- Waterproof gloves

Shelter equipment:

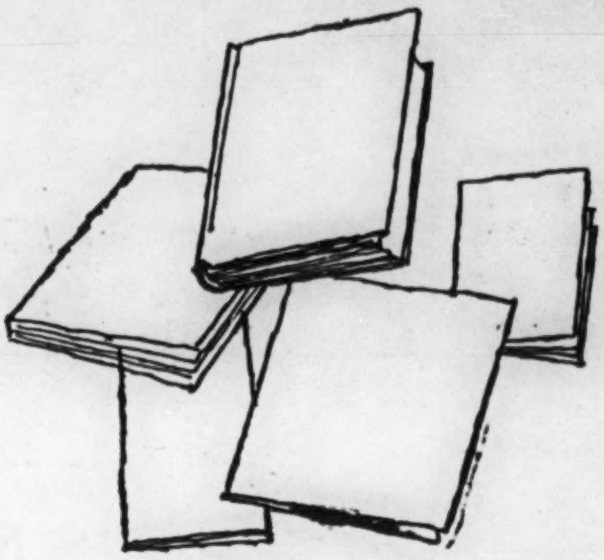
- Battery radio with CONELRAD frequencies (640 or 1240) marked, and spare batteries for 2-week operation
- Home use radiation meters, when available
- Flashlights, electric lantern, and spare batteries for 2 weeks
- Clothing
- Bedding (rubber sheeting and special equipment for the sick)
- A first-aid kit and supplies listed in OCDM Leaflet L-2-12, *First Aid: Emergency Kit; Emergency Action*
- Writing material
- Reading material
- Screwdriver, pliers, and other household tools
- Games and amusements for children

Items outside the shelter but within reach:

- Cooking equipment (canned heat, or camp stove) and matches
- Home fire-fighting equipment
- Rescue tools

Medical Publications:

Any one of the following publications from a list provided by the Bureau of Health Education of the American Medical Association would be helpful when a physician is not available.



What To Do Until the Doctor Comes, William Bolton, M.D., 145 pp. Cloth, $2. Reilly & Lee Co., 325 West Huron St., Chicago, Ill.

Book of Health: A Medical Encyclopedia for Everyone, Randolph Lee Clark, Jr., M.D., and R. W. Cumley, M.D., 836 pp., 1,400 illustrations. Cloth, $15. D. Van Nostrand Co., Inc., 120 Alexander St., Princeton, N.J.

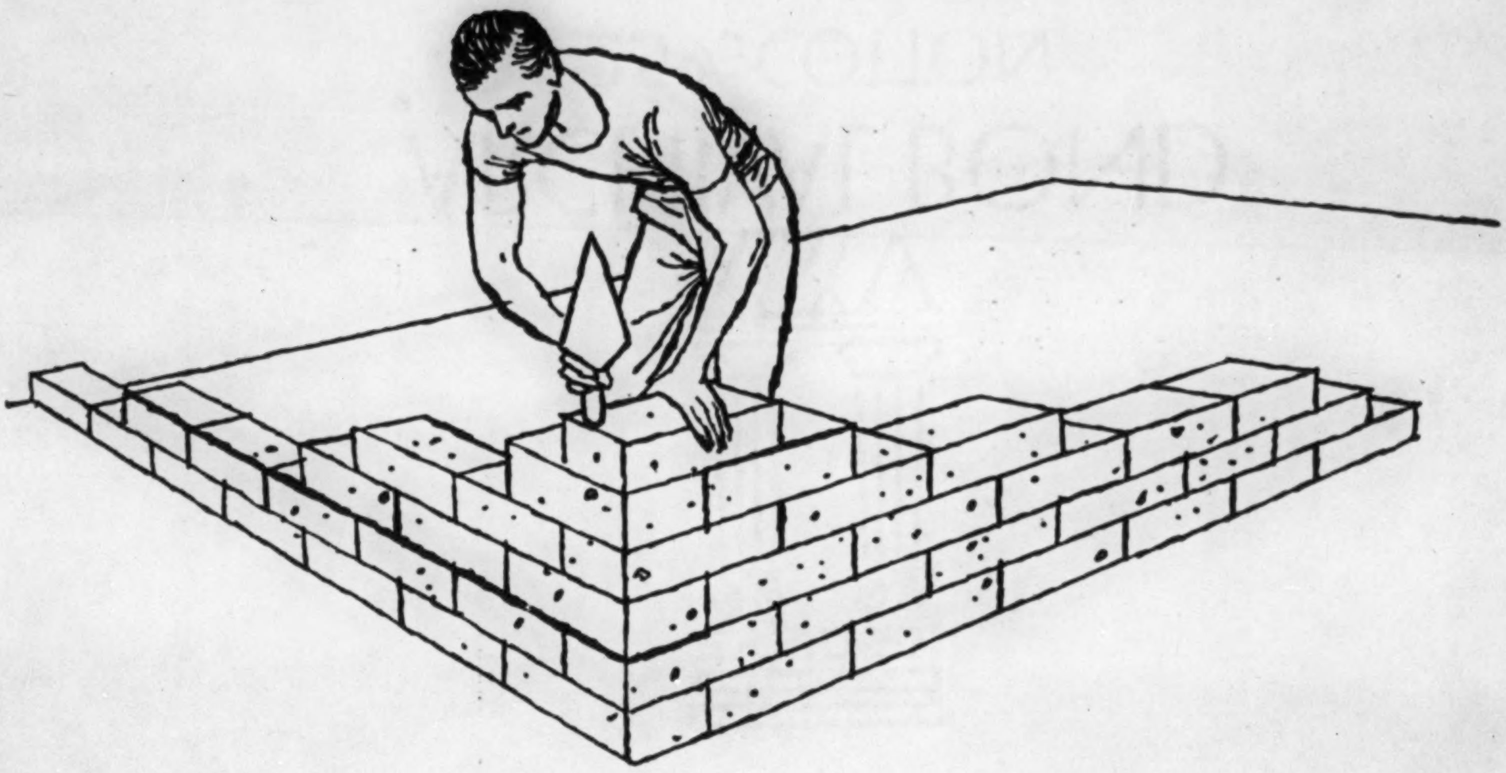
Ship's Medicine Chest and First Aid at Sea. U.S. Public Health Service and War Shipping Administration, 498 pp., illustrated, $3.50. U.S. Government Printing Office, Superintendent of Documents, Washington 25, D.C.

SUGGESTIONS FOR CONTRACTS

Section C

Following is a quick checklist of items to discuss with a contractor during negotiations:

1. Drainage from area around underground or outdoor shelters.
2. Protection against cave-in excavations.
3. Concrete strength and reinforcement.
4. Waterproofing.
5. Doors or hatches.
6. Ventilation.



Let every American learn five simple steps to safety:

1. Attack warning signals and what they mean.
2. Your community plan for emergency action.
3. Protection from radioactive fallout.
4. First aid and home emergency preparedness.
5. The use of **CONELRAD–640** or **1240** on AM radio—for official directions.

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November 4, 1959

The White House

Washington

THE CABINET

Proposal for Improving Interdepartmental Coordination of the Area Assistance Program

For consideration by the Cabinet, attached is a paper prepared by the Secretary of Commerce.

This paper sets forth background facts concerning the Area Assistance Program and current legislative proposals; it proposes the formation of a new interdepartmental coordinating group advisory to the Secretary of Commerce and cites the supporting reasons for this proposal.

The proposal in the attached paper is submitted for the endorsement of the Cabinet and the President.

Attached as Appendix 1 to this paper is a comparison of the two major, different, bills pending in the Congress.

Robert Gray
Secretary to the Cabinet

CABINET PAPER
For Consideration

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Washington

THE CABINET

Proposal for Improving Interdepartmental Coordination of the Area Assistance Program

1. The President early in his Administration endorsed the principle of Federal assistance to urban areas having substantial and persistent unemployment. Despite continued high national levels of economic activity, some 17 major and 53 smaller labor surplus areas continue to suffer from persistent unemployment, most of which have had since 1950 or longer a rate of unemployment significantly higher than national averages.

2. In each of the past four years the President's legislative program has included specific proposed legislation on this subject, predicted on the principle of helping these communities to help themselves (see S. 1064 and H.R. 4278, 86th Congress). However, the Senate has passed the Douglas Bill (S. 722) and a substitute bill has been reported favorably for consideration in the House and is now pending before the Rules Committee. A brief comparison of this bill and the Administration bill is attached as Appendix #1.

3. There are considerable number of existing Federal programs and authorities which permit assistance or special attention to these areas.

4. It is desirable that maximum effect in these areas be obtained from the exercise of these authorities and programs, especially in view of the continuing unemployment situation in these areas and the present legislative posture.

5. In the Spring of 1955 there was organized the Interdepartmental Committee of Under Secretaries for the Rural Development Program, under the chairmanship of the Under Secretary of Agriculture.

6. The early establishment of a parallel committee, emphasizing the areas of interest involved in the Administration bill and having membership appropriate for that purpose, would:

   (a) Assist in assuring maximum effect of existing Federal programs and authorities bearing upon the economic development of these urban areas;

   (b) Expand the pattern of Administration interest in the entire field, rural and urban. The two committees, with appropriate liaison, would complement and strengthen each other.

   (c) Assist in enlisting cooperation of local governments and private groups.

   (d) Fulfill an express request made by certain members of Congress.

CABINET PAPER

For Consideration

Membership on the committee would include appropriate high-level officials from 12 agencies of the Executive Branch having interests and responsibilities pertinent to the work of the Committee, i.e.:

1. The Under Secretary of Commerce, who shall be Chairman of the Committee
2. The Deputy Postmaster General
3. The Under Secretary of Interior
4. The Under Secretary of Agriculture
5. The Under Secretary of Labor
6. The Under Secretary of Health, Education and Welfare
7. The Assistant Secretary of Defense (Supply & Logistics)
8. The Administrator of General Services Administration
9. The Administrator of the Federal Aviation Agency
10. The Administrator of Small Business Administration
11. The Administrator of Housing and Home Finance Agency
12. The Director of the Office of Civil and Defense Mobilization

The Committee is to facilitate the coordination of existing Federal programs and authorities which may be of assistance to urban communities having substantial and persistent unemployment in order to achieve the maximum effectiveness of such programs and authority in such areas and is to help enlist the fullest cooperation of State and local governments and private individuals and organizations which may contribute to resolution of the economic problems of these communities.

The central staff of the committee would be the existing Office of Area Development, Department of Commerce, which now carries out certain coordinating functions in this field.

CP - 59-101

Appendix 1.

BRIEF COMPARISON OF THE ADMINISTRATION'S AREA ASSISTANCE BILL (S. 1064 AND H. R. 4278) WITH THE AREA REDEVELOPMENT BILL AS REPORTED BY HOUSE BANKING AND CURRENCY COMMITTEE (S. 722)

U. S DEPARTMENT OF COMMERCE
BUSINESS & DEFENSE SERVICES ADMINISTRATION
OFFICE OF AREA DEVELOPMENT
MAY 14, 1959

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	Administration Bill (S. 1064 and H. R. 4278)	Bill as Reported by House Banking and Currency Committee (S. 722)
Title:	Area Assistance Act of 1959.	Area Redevelopment Act.
Purpose:	To assist areas to develop and maintain stable and diversified economies by a program of financial and technical assistance and otherwise, and for other purposes.	To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.
Organization:	President appoints an Area Assistance Administrator who reports to the Secretary of Commerce.	Establishes the Area Redevelopment Administration as an independent agency.
Criteria for Area Eligibility:	a. Labor market areas where the non-temporary unemployment meets three conditions: 1. rate is currently 6%, and 2. rate has averaged at least 6%: (a) for 4 out of preceding 5 years and has been 50% or more above national average, or (b) for 3 out of preceding 4 years and has been 75% or more above national average, or (c) for 2 out of preceding 3 years and has been 100% or more above national average, and 3. non-agricultural employment has declined or has increased less than in the country as a whole, during preceding 5 years. (Eligible for loans and technical assistance grants)	a. Industrial redevelopment areas with unemployment of: 1. 12% for 12 months, or 2. 9% for 15 out of 18 months, or 3. 6% for 18 out of 24 months, or 4. 15% for 6 months if causes are not temporary. (Note: The term "redevelopment area" may include one or more counties, or one or more municipalities, or a part of a county or municipality.)
	b. "One-industry" towns, small towns in rural areas, and rural low-income areas. (Eligible for technical assistance grants)	b. Rural redevelopment areas with the largest number and percentage of low-income families and having a condition of substantial and persistent unemployment or underemployment. Includes 500 counties ranking lowest in level-of-living index or in production for sale.

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For Consideration

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Loans:	a. $50 million for eligible labor market areas. b. None provided. c. See Housing Amendments below. Note: Area Assistance Fund to be financed by Congressional appropriation.	a. $75 million for industrial redevelopment areas. b. $75 million for rural redevelopment areas. c. $50 million for public facilities. Note: Area Redevelopment Fund to be financed by Congressional appropriation.
Terms for Industrial Loans:	a. Up to 35% of project cost for 25 years at rate of interest to be determined; at least 15% funds from State or local sources.	a. Up to 65% of project cost for 30 years with interest at Treasury cost plus 1/2%; minimum of 10% State or local and 5% private funds.
	b. Loans for land and buildings only.	b. Loans for land, construction and machinery.
	c. Loans must be approved by State development agency.	c. Loans must be approved by the official State or local development agency. If none exists, the Administrator appoints a local redevelopment committee.
	d. Project must be consistent with an over-all economic development program.	d. Project must be consistent with an over-all economic development program.
Grants:	a. No grants for community facilities. See Housing Amendments below.	a. Authorizes $35 million for community facilities grants.
	b. Authorizes $3 million annually for technical assistance grants. Of this amount, $1.5 million is available for "one-industry" towns, small towns in rural areas, and low-income areas not otherwise eligible.	b. Authorizes $4.5 million annually for economic studies and technical assistance grants.
Technical Assistance:	Technical advice and consultation on economic development problems available to all areas.	Information, advice, and technical assistance limited to redevelopment areas.

CABINET PAPER
For Consideration

Housing Amendments:	a. Amends Title I of the Housing Act of 1949, as amended, to permit the rehabilitation of blighted industrial and commercial areas.	a. Amends Title 1 of the Housing Act of 1949, as amended, to permit the rehabilitation of blighted industrial and commercial areas. Limited to 10 per cent of funds authorized for capital grants after January 1, 1959.
	b. Amends Section 701 of the Housing Act of 1954, as amended, to extend urban planning assistance grants to cities, other municipalities, and counties of 25,000 or more located within areas of substantial and persistent unemployment.	b. Amends Section 701 of the Housing Act of 1954, as amended, to extend urban planning assistance grants to cities, other municipalities, and counties of 25,000 or more located within industrial redevelopment areas.
	c. Amends Title II of the Housing Amendments of 1955 to give first priority to applications for community facilities loans from areas of substantial and persistent unemployment.	c. See above under Grants. (Authorization for $35 million.)
Vocational Training:	The Secretary of Labor and the Secretary of Health, Education, and Welfare assist in vocational training or retraining.	The Secretary of Labor and the Secretary of Health, Education, and Welfare assist in vocational training or retraining. $1.5 million provided for assistance to state boards for vocational education.
Retraining Payments:	None provided.	Secretary of Labor makes retraining subsistence payments for up to 13 weeks for those undergoing vocational training or retraining.
Total Costs:	$53 million in loans and technical assistance grants. (Other costs not specified.)	$251 million in loans and grants, including $10 million for retraining subsistence payments and $1.5 million for vocational training. (Other costs not specified.)

Summary Costs of the Administration Bill (S. 1064 & H.R. 4278) and the Bill as Reported by House Banking and Currency Committee (S. 722)

	S. 1064 & H.R. 4278 (Administration Bill)	S. 722 Reported by House Banking & Currency Committee, May 14, 1959
Loans		
Industrial Areas	$50,000,000	$75,000,000
Rural Areas	---	75,000,000
Public Facilities	---	50,000,000
	$50,000,000 2/	$200,000,000 2/
Grants		
Public Facilities	---	$35,000,000
Technical Assistance (annually)	$3,000,000	4,500,000
	$3,000,000	$39,500,000
Retraining Subsistence Training Payments to States	None	$10,000,000
Total Loans & Grants	$53,000,000	$249,500,000
Administration	Not Specified	Not Specified
Vocational Training (annually)	Not Specified	$1,500,000

2/ Financed by Congressional appropriation

THE WHITE HOUSE
WASHINGTON

January 12, 1960

AMENDATION NOTE:

1. It is requested that the recipients of approved Cabinet Paper 60-101/1 of January 8, 1960 insert the word "Urban" after the word "Federal" in the three places where the title of the new Committee appears (on the cover page, on page 2 of the paper and on page 2 of the Press Release).

2. OCDM requests that recipients of Cabinet Paper 60-103 of January 2, 1960 change lines 2 and 3 at the top of page 2 to read "of May 3, 1960, through the late afternoon of May 5, 1960."

Robert Gray
Secretary to the Cabinet

CABINET PAPER—PRIVILEGED

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CP - 60-101/1

January 8, 1960

The White House

Washington

THE CABINET

Improving Interdepartmental Coordination of the Area Assistance Program

The attached approved paper is circulated for action by those Cabinet members represented on the new Interdepartmental Committee to Coordinate Federal Area Assistance Programs and for the information of other Cabinet recipients.

The new Committee was established by the Secretary of Commerce following the Cabinet discussion of November 6, 1959 (RA - 59-140, Item 5-a). The President approved the proposal made in the original Cabinet Paper 59-101, and today completed action with respect to publicity concerning the new Committee (RA - 59-140, Item 5-a and 5-b).

A copy (not privileged) of the White House Press Release of this date -- an exchange of letters between the President and Senator Cooper -- is appended as a part of the approved Paper.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

CABINET PAPER—PRIVILEGED

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CP - 60 - 101/1

January 8, 1960

The White House

Washington

THE CABINET

Improving Interdepartmental Coordination of the Area Assistance Program

1. The President early in his Administration endorsed the principle of Federal assistance to urban areas having substantial and persistent unemployment. Despite continued high national levels of economic activity, some 17 major and 53 smaller labor surplus areas continue to suffer from persistent unemployment, most of which have had since 1950 or longer a rate of unemployment significantly higher than national averages.

2. In each of the past four years the President's legislative program has included specific proposed legislation on this subject, predicted on the principle of helping these communities to help themselves (see S. 1064 and H.R. 4278, 86th Congress). However, the Senate has passed the Douglas Bill (S. 722) and a substitute bill has been reported favorably for consideration in the House and is now pending before the Rules Committee.

3. There are a considerable number of existing Federal programs and authorities which permit assistance or special attention to these areas.

4. It is desirable that maximum effect in these areas be obtained from the exercise of these authorities and programs, especially in view of the continuing unemployment situation in these areas and the present legislative posture.

5. In the Spring of 1955 there was organized the Interdepartmental Committee of Under Secretaries for the Rural Development Program, under the chairmanship of the Under Secretary of Agriculture.

6. The early establishment of a parallel committee, emphasizing the areas of interest involved in the Administration bill and having membership appropriate for that purpose, would:

   (a) Assist in assuring maximum effect of existing Federal programs and authorities bearing upon the economic development of these urban areas;

   (b) Expand the pattern of Administration interest in the entire field, rural and urban. The two communities, with appropriate liaison, would complement and strengthen each other.

   (c) Assist in enlisting cooperation of local governments and private groups.

   (d) Fulfill an express request made by certain members of Congress.

Membership on the committee--to be called the Interdepartmental Committee to Coordinate Federal Area Assistance Programs--would include appropriate high-level officials from 14 agencies of the Executive Branch having interests and responsibilities pertinent to the work of the Committee, i.e.:

1. The Under Secretary of Commerce, who shall be Chairman of the Committee
2. The Deputy Postmaster General
3. The Under Secretary of the Interior
4. The Under Secretary of Agriculture
5. The Under Secretary of Labor
6. The Under Secretary of Health, Education and Welfare
7. The Assistant Secretary of Defense (Supply & Logistics)
8. The Administrator of General Services Administration
9. The Administrator of the Federal Aviation Agency
10. The Administrator of Small Business Administration
11. The Administrator of Housing and Home Finance Agency
12. The Director of the Office of Civil and Defense Mobilization
13. The Special Assistant to the President for Public Works
14. A member of the Council of Economic Advisers

The Committee is to facilitate the coordination of existing Federal programs and authorities which may be of assistance to urban communities having substantial and persistent unemployment in order to achieve the maximum effectiveness of such programs and authority in such areas and is to help enlist the fullest cooperation of State and local governments and private individuals and organizations which may contribute to resolution of the economic problems of these communities.

The central staff of the Committee would be the existing Office of Area Development, Department of Commerce, which now carries out certain coordinating functions in this field.

IMMEDIATE RELEASE January 8, 1960

James C. Hagerty, Press Secretary to the President

- -

THE WHITE HOUSE

THE WHITE HOUSE TODAY MADE PUBLIC THE FOLLOWING EXCHANGE OF LETTERS BETWEEN THE PRESIDENT AND THE HONORABLE JOHN SHERMAN COOPER

January 8, 1960

Dear John:

In response to your letter of December 31, 1959, I assure you that I share your deep concern in respect to areas with substantial and persistent unemployment.

I trust that it will hearten you and others to know that fourteen agencies of the Executive Branch have been contributing either direct or indirect assistance in such areas. The scope of these undertakings has been steadily enlarged. Last year I directed an intensification of these Federal efforts, which, I hope, will provide further help for existing local business and in creating job opportunities and attracting new businesses to these areas.

The substance of existing Federal programs and activities in chronic labor surplus areas range from specialized technical assistance in fields such as area development, small business enterprise, employment counseling and surveys, financial assistance programs of loans and grants for urban renewal, public facilities, state and local industrial development corporations, the procurement of goods and services and construction of government facilities.

In magnitude of impact, the defense and civilian procurement programs are impressive in their contribution to the economies of virtually all of the labor surplus areas.

Among specific examples that have been reported to me, reflecting both the extent and diversity of Federal assistance, are the following:

1. In the last fiscal year when unemployment was a widespread problem, 42.5% of the total procurement awards of the Department of Defense were made in labor surplus areas -- temporary and chronic.

2. Of these total awards by the Department of Defense, set asides specifically reserved for labor surplus areas amounted to $96 million.

more

3. Two large operational offices of the Bureau of Census, Department of Commerce, have been placed in labor surplus areas (Jeffersonville, Indiana, and Parsons, Kansas) to prepare for the censuses of population and agriculture.

4. A total of 21 urban renewal projects have been approved by the Housing and Home Finance Agency in chronic labor surplus areas. These involve $58 million in Federal grant funds; 17 projects are under contract for execution and four are in the planning stage.

5. During the 15 month period ending October 1, 1959, the General Services Administration placed procurement contracts totaling over $408 million with suppliers in all labor surplus areas. This represents 62.3% of the total dollar value of contracts awarded during this period.

These examples indicate that the benefits resulting from the Federal contribution in surplus labor areas have been widespread and substantial. Other programs and activities to improve community economic conditions are underway or planned. Two activities in particular deserve mention:

1. A new lending authority of the Small Business Administration provided for by the Small Business Investment Act of 1958 allows the making of mortgage loans (up to $250,000) to state and local development companies for local projects which assist small business. The Act also provides for the licensing of Small Business Investment Companies to provide equity capital and long-term debt funds to small business concerns. Already 24 loans to state and local development corporations amounting to $2.7 million have been approved, and 57 small business investment companies have been licensed.

2. Action has been taken to establish closer working relations between Federal programs and state and local efforts. The Office of Area Development in the Department of Commerce has been channelling Federal technical assistance to state and local groups, including industrial development corporations. This office acts as a clearing-house on the methods and experiences of communities which have successfully coped with their economic problems.

Increased strength was added to Federal programs last year through creation of an Interdepartmental Committee to Coordinate Federal Area Assistance Programs. This committee has been coordinating the numerous diversified undertakings of the Departments and agencies in urban-industrial regions and now is intensifying these joint efforts.

more

Members of the Committee include the Under Secretary of Commerce, Chairman; the Deputy Postmaster General; the Under Secretary of Interior; the Under Secretary of Agriculture; the Under Secretary of Labor; the Under Secretary of Health, Education and Welfare; the Assistant Secretary of Defense (Supply & Logistics); the Administrator of the General Services Administration; the Administrator of the Federal Aviation Agency; the Administrator of the Small Business Administration; the Administrator of the Housing and Home Finance Agency; the Director of the Office of Civil and Defense Mobilization; the Special Assistant to the President for Public Works; and a member of the Council of Economic Advisers.

This Committee complements the long-established Committee for Rural Development Program with which it is working in close cooperation.

Our policy is twofold: Efficient coordination among Federal agencies and full cooperation by these Federal agencies with state and local governments and private individuals and organizations that seek to help areas with substantial and persistent unemployment.

The national economy is at a very high level. We all want people in areas with chronic unemployment to share more in this overall prosperity. Through joint Federal local and private efforts, which help these areas to help themselves, considerable improvement in regional economic conditions has been realized. Through more intensified efforts of the Federal coordinating committee above described, which I believe meets the purpose suggested by your bill, I anticipate that additional industrial activity can be stimulated and more job opportunities made available.

In addition, as you well know, I have repeatedly urged that the Congress pass legislation which I have specifically proposed to assist areas of urgent need. This legislation would give the government additional authority and finances to help these areas once again to become fully productive elements in the national economy. I am hopeful that the Congress will soon approve my recommendations in this regard.

With warm regard,

Sincerely,

DWIGHT D. EISENHOWER

The Honorable John Sherman Cooper
United States Senate
Washington, D. C.

more

December 31, 1959

Dear Mr. President:

While the United States has enjoyed unprecedented prosperity under your administration I am deeply concerned as I know you are with the problem of chronic unemployment in certain areas of our country, such as Eastern Kentucky, where technological changes in coal production have reduced employment among coal miners from 60,000 to less than 30,000 in the past 10 or 11 years.

At the close of the last session of Congress the Senate established a Special Committee on Unemployment Problems to inquire into the unemployment situation in this country, and hearings have been held in several labor surplus areas of the United States including Eastern Kentucky. It is probable that this Committee will make legislative recommendations to the Senate and to the Congress.

Last year I believed that much could be accomplished to help these areas both from the short range and the long range view point, by better co-ordination of existing Federal programs. To that end, I introduced S. 2730 providing for the establishment of an inter agency task force to formulate plans for utilizing existing Federal programs in cooperation with states and local communities for the development of the economic potential of these regions which I termed "underdeveloped." It seemed to me that as the United States has initiated and supported programs for assisting the underdeveloped countries of the World, we might well initiate long term programs to increase the economic growth of areas in the United States which are underdeveloped in comparison to the entire country.

I have discussed these matters with the Department of Commerce and other agencies, and will continue my efforts next year.

Knowing of your vital interest in the welfare of the people of every part of our country I should like to inquire what is being done now with existing Federal programs to assist these areas in which chronic unemployment exists and which are underdeveloped economically and how effectively these existing programs are being co-ordinated and carried into effect. I believe that such information would be of value to communities in these areas in that it would inform them of the existing programs that are presently providing advice and assistance. I hope the resolution which I offered will be favorably approved by the various agencies and that a strong and co-ordinated effort will be made to develop far reaching programs to move quickly toward the task of lifting the economic status and providing better opportunities for the people of the many areas in the country whose economic growth has not reached the same standards of our country.

Respectfully,

JOHN SHERMAN COOPER

# # #

Proposed Announcement

The President today established the Committee for Community Economic Redevelopment, designed to achieve maximum effectiveness of the Federal government's contribution in helping communities with substantial and persistent unemployment to help themselves in redeveloping and stabilizing their economies and in expanding employment opportunities.

Members of the Committee include the Under Secretary of Commerce, Chairman; the Deputy Postmaster General; the Under Secretary of Interior; the Under Secretary of Agriculture; the Under Secretary of Labor; the Under Secretary of Health, Education and Welfare; the Assistant Secretary of Defense (Supply & Logistics); the Administrator of the General Services Administration; the Administrator of the Federal Aviation Agency; the Administrator of the Small Business Administration; the Administrator of the Housing and Home Finance Agency; and the Director of the Office of Civil and Defense Mobilization.

The Committee and the recently established Committee for Rural Development Program enlarge the pattern of Administration interest in development in both the urban and rural fields. The two Committees, with appropriate liaison, will complement and strengthen each other.

The Committee will provide leadership and guidance in coordinating existing Federal programs and authorities for assistance to urban communities with persistent unemployment in order to enhance the effectiveness of such efforts in resolution, with local cooperation, of economic problems. Several Federal agencies currently have specific programs of some form of area assistance and certain other Federal programs will be utilized in some measure to assist further in redevelopment.

The Committee will endeavor to enlist full cooperation of state and local governments and private individuals and organizations in concerted action with the Federal agencies.

As the Committee is composed of representatives from the various Departments and Agencies who have both policy and administrative authority, prompt decisions and actions can be effected and greater mobilization of united efforts can ensue.

Until the steel strike caused an accelerating decline in industrial production, high levels of economic activity had been nationwide. Despite this record peak, however, some 17 major and 53 smaller areas have continued to experience persistent unemployment, many at a rate of unemployment since 1950 significantly higher than national averages. The establishment of the Committee augments the President's program of assistance to urban areas in this category, for which in each of the past four years he has recommended specific new legislation.

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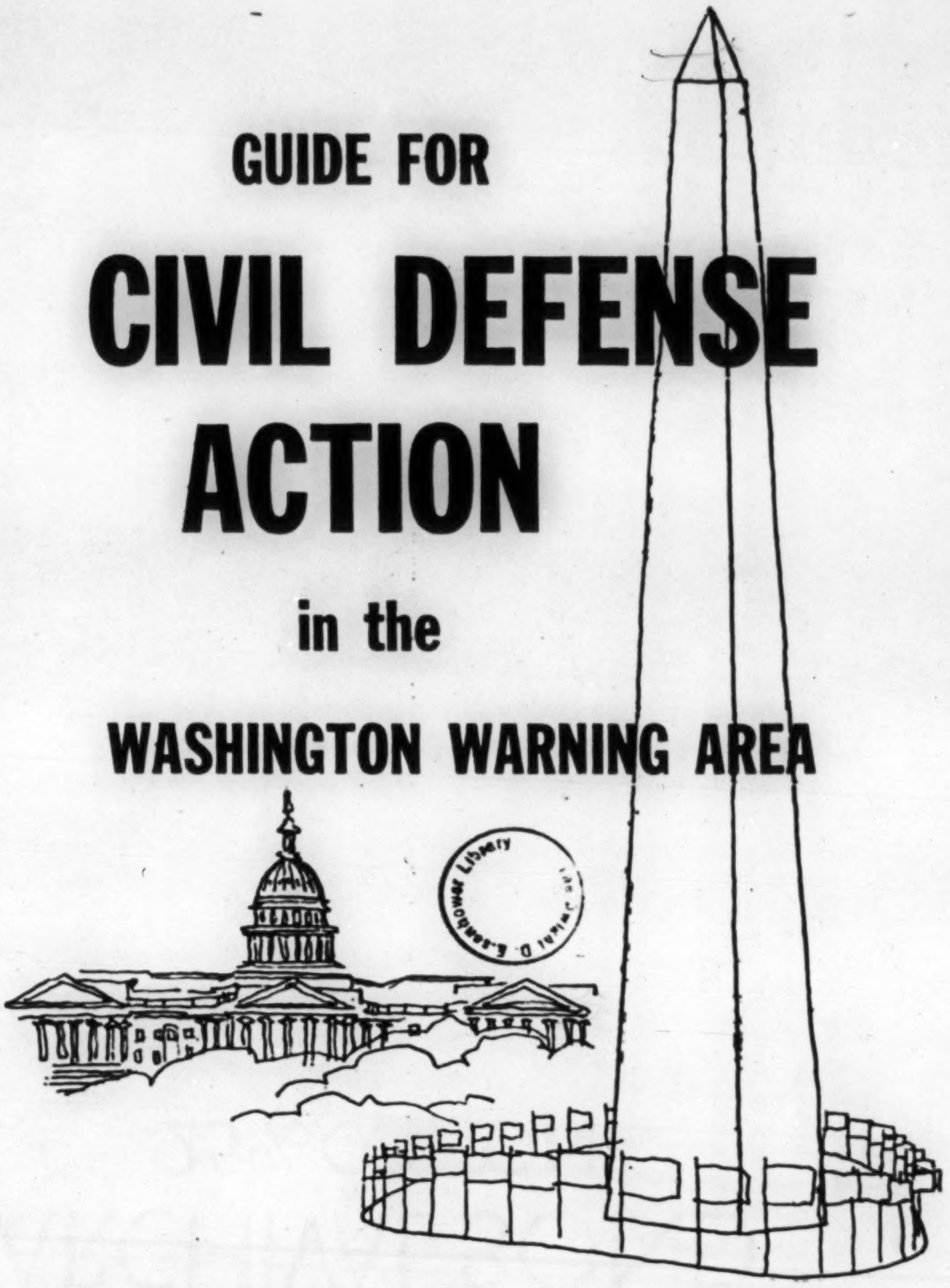
GUIDE FOR
CIVIL DEFENSE ACTION
in the
WASHINGTON WARNING AREA



**DISTRICT OF COLUMBIA, ALEXANDRIA, FALLS CHURCH,
ARLINGTON COUNTY, and parts of FAIRFAX COUNTY,
MONTGOMERY COUNTY, and PRINCE GEORGES COUNTY**

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THE WASHINGTON WARNING AREA is a circular zone extending 20 miles from the Washington Monument.

It includes the entire District of Columbia. In Virginia it covers the cities of Alexandria and Falls Church, all of Arlington County, and the northern part of Fairfax County. Large sections of Montgomery and Prince Georges Counties in Maryland are within the area.

WHAT YOU SHOULD KNOW NOW

1. **What the 2 warning signals mean**
2. **How to use CONELRAD**
3. **How to protect yourself against fallout**
4. **Home emergency preparedness**
5. **Your community civil defense plan**

FOREWORD

This booklet is your guide to action in the event of nuclear attack.

The better prepared the American people are to survive nuclear attack, the less chance there is that there will be war.

The plans in this booklet were developed jointly by the governments of Maryland, Virginia, the District of Columbia, and the communities within the Washington Warning Area, in cooperation with the Office of Civil and Defense Mobilization.

The plans are based on two assumptions.

The first is that if there is sufficient warning in advance of attack it would be best to evacuate the warning area.

The second is that if there is not sufficient advance warning it will be necessary to take shelter.

The plans are not static. They are under continuous review.

As they stand now, however, they provide the basis for a common, unified course of action by all the people of the communities within the warning area.

J. Millard Tawes
Governor
Maryland

Robert E. McLaughlin
President, Board of Commissioners
District of Columbia

J. Lindsay Almond, Jr.
Governor
Commonwealth of Virginia

Leo A. Hoegh
Director
Office of Civil and Defense Mobilization

a

THE THREAT

NUCLEAR EXPLOSIONS threaten life in three ways . . .

By BLAST **by HEAT** **by RADIATION**

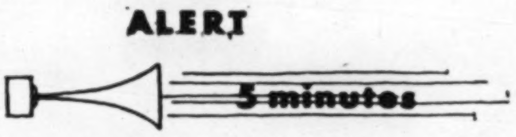
If there is time you can increase your chances of surviving the heat and blast by moving away from likely target areas.

Radiation can spread over hundreds of miles in radioactive dust called fallout.

Shelter is the only realistic protection from radioactive fallout. It will be needed even by those who evacuate to reception counties outside the Warning Area.

THE WARNING SIGNALS

THE ALERT SIGNAL

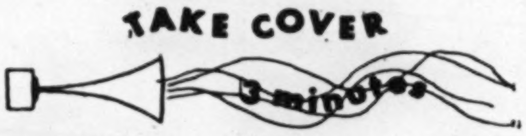


This is a steady 5-minute siren blast.

It means an enemy attack is on the way—but there still is time to move to relatively safer areas.

This signal means your government recommends evacuation. It is not an order. The decision is yours.

THE TAKE COVER SIGNAL



This is a 3-minute rising and falling siren wail.

It is sounded when enemy airplanes or missiles are so close there is no time to leave the area.

It means take cover—in the best shelter available.

THESE ARE THE ONLY TWO SIGNALS IN THE WASHINGTON WARNING AREA PLAN

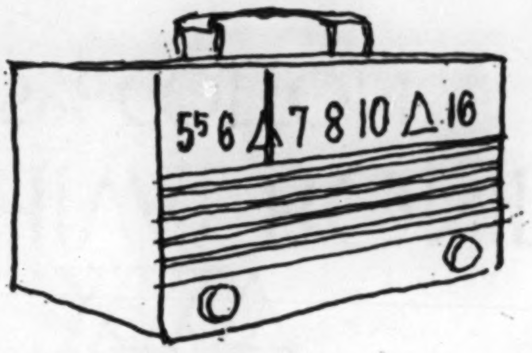
THE RADIO

CONELRAD is the emergency radio broadcast system.

It uses two frequencies only—640 and 1240 on your radio dial.

No other radio station will be on the air during the emergency.

CONELRAD will carry local survival information and instructions—messages from your government—information on what is happening to your country—your Allies—your enemy.



THE EVACUATION ZONE

A part of the WASHINGTON WARNING AREA is designated as the EVACUATION ZONE. (For complete description, see pp. 12 and 13 and Maps I and II.)

Within this ZONE, if time and conditions permit, you will be advised to evacuate to a safer area.

Within this ZONE, if time and conditions do *not* allow evacuation, you will be told to seek the best available shelter.

If you live within the Area but outside of the ZONE, you should take the best available cover in response to *any* warning signal.

THE ACTION

When the ALERT SIGNAL sounds . . .

Tune to CONELRAD on home or car radio.

Leave the Evacuation Zone in accordance with the Evacuation Rules. (See p. 14.)

Proceed to a designated reception area (see page 15.)

If you have a home shelter located within the outer area of the Evacuation Zone (not less than five miles from the Washington Monument), you may remain in your shelter. Or, if you are away from home and it is accessible by the prescribed evacuation routes, you may proceed to your home shelter rather than continue into the Reception Areas of Virginia and Maryland.

When the TAKE COVER SIGNAL sounds . . .

Take the best available shelter in home, school, office, or plant. A prepared shelter gives the best protection, but existing buildings offer some protection. Generally the basement is the safest place in an unprepared building. An interior wall on the ground floor, away from doors and windows, is next best.

Those outside when the Take Cover sirens sound should get indoors or under cover as quickly as possible.

Children at school should follow the emergency plan and instructions of the school. Learn your school's plan from the principal. If no plan exists, insist that one be provided.

PROTECTION FROM RADIATION

SHIELDING

The greater the density or mass of material between you and the radioactive source, the greater your protection will be.

DISTANCE

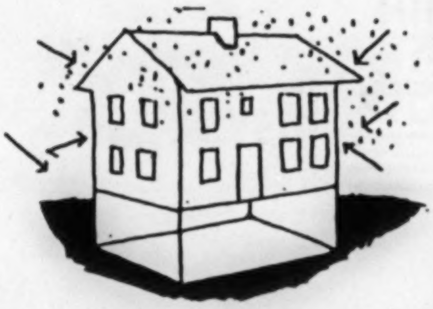
Fallout radioactivity decays steadily as the dangerous particles are carried by the wind. Generally, the further you are from a nuclear explosion the less danger there is from radioactive fallout.

DECONTAMINATION

In many situations dangerous radioactive fallout particles can be washed away or even brushed off.

SHIELDING

EVERY BUILDING provides some degree of protection from radioactive fallout. For example:

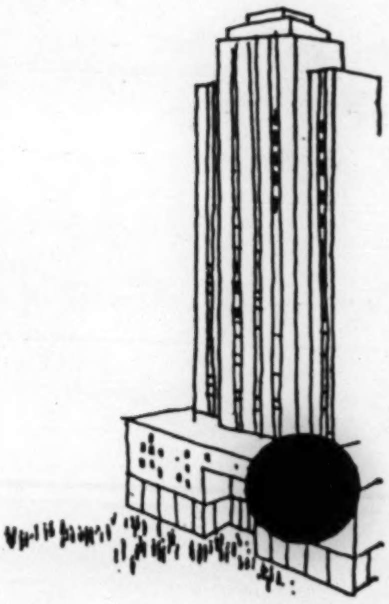


In a house without a basement the radiation level on the ground floor would be about half the intensity of the level outdoors. This would not be sufficient protection in areas of heavy fallout.

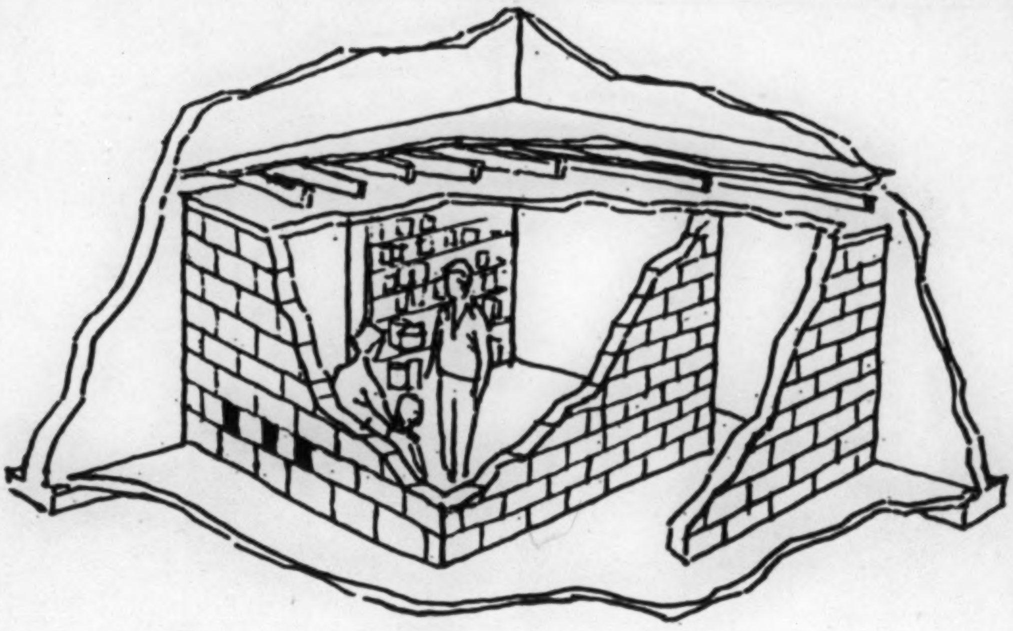
Basements of most houses would cut radiation intensity to about one-tenth. The degree of protection would be increased by covering windows and exposed doors with sandbags or even magazines and books.

Large buildings generally give better protection than houses because the heavier construction increases the density of the shielding mass. The basement, again, is the safest place—interior halls next best.

Any shielding is better than none. Therefore, if you are unable to get into a building, some shielding from fallout radiation can be gained inside a culvert or under a bridge.



HOME SHELTER



THE HOME SHELTER illustrated above offers excellent protection from radioactive fallout.

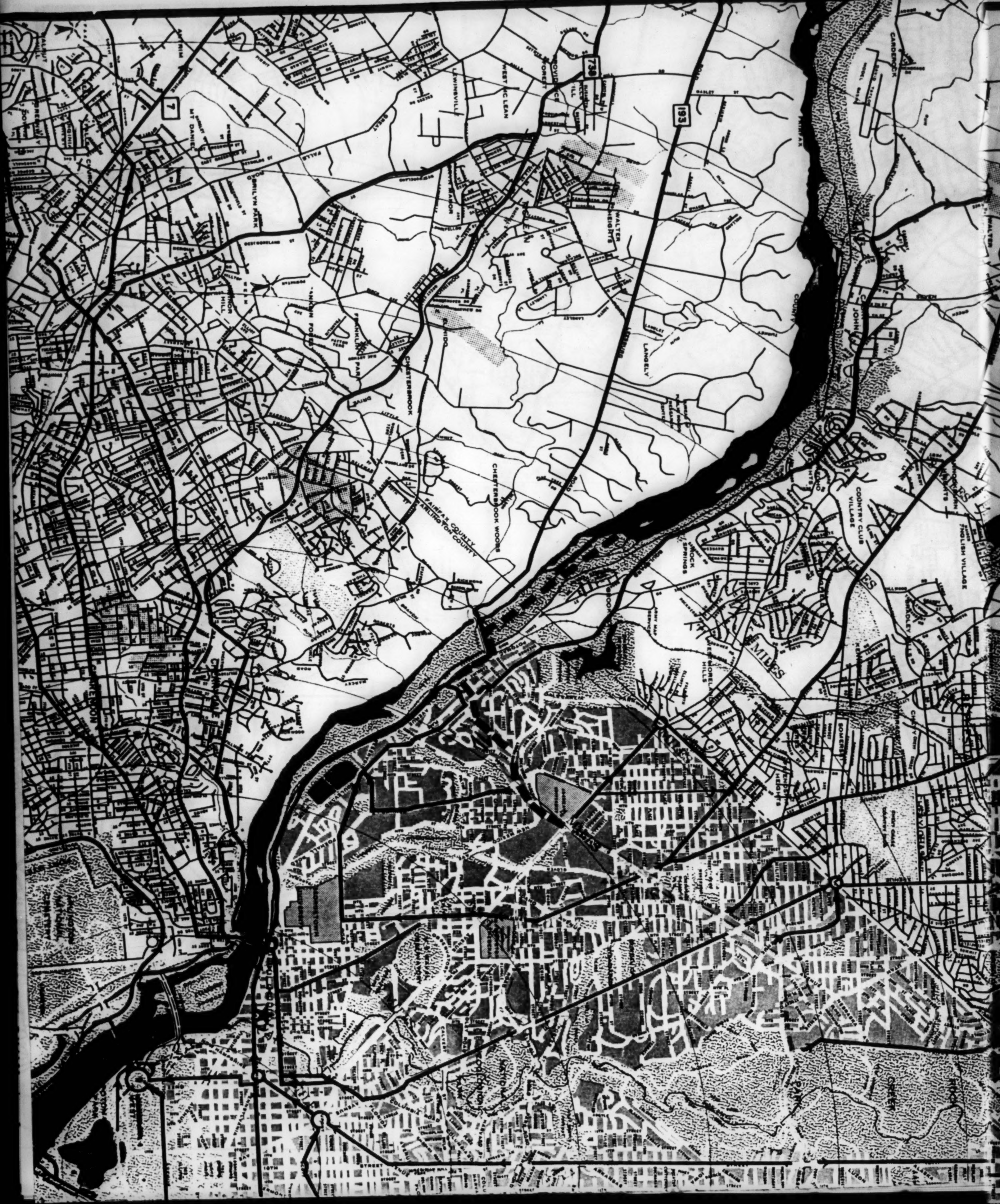
It is a do-it-yourself concrete block shelter for a basement. New materials for this shelter cost from $150 to $200.

Excellent protection also can be obtained from underground and above ground shelters.

Detailed plans for these and other home shelters are available at your local Civil Defense office. They also may be obtained free by writing P.O. Box "Home Shelter," Battle Creek, Mich.

Designs and planning assistance for blast shelters are available at the Office of Civil and Defense Mobilization, Battle Creek, Mich.

Your CONELRAD station will tell you when it is safe to come out of your shelter.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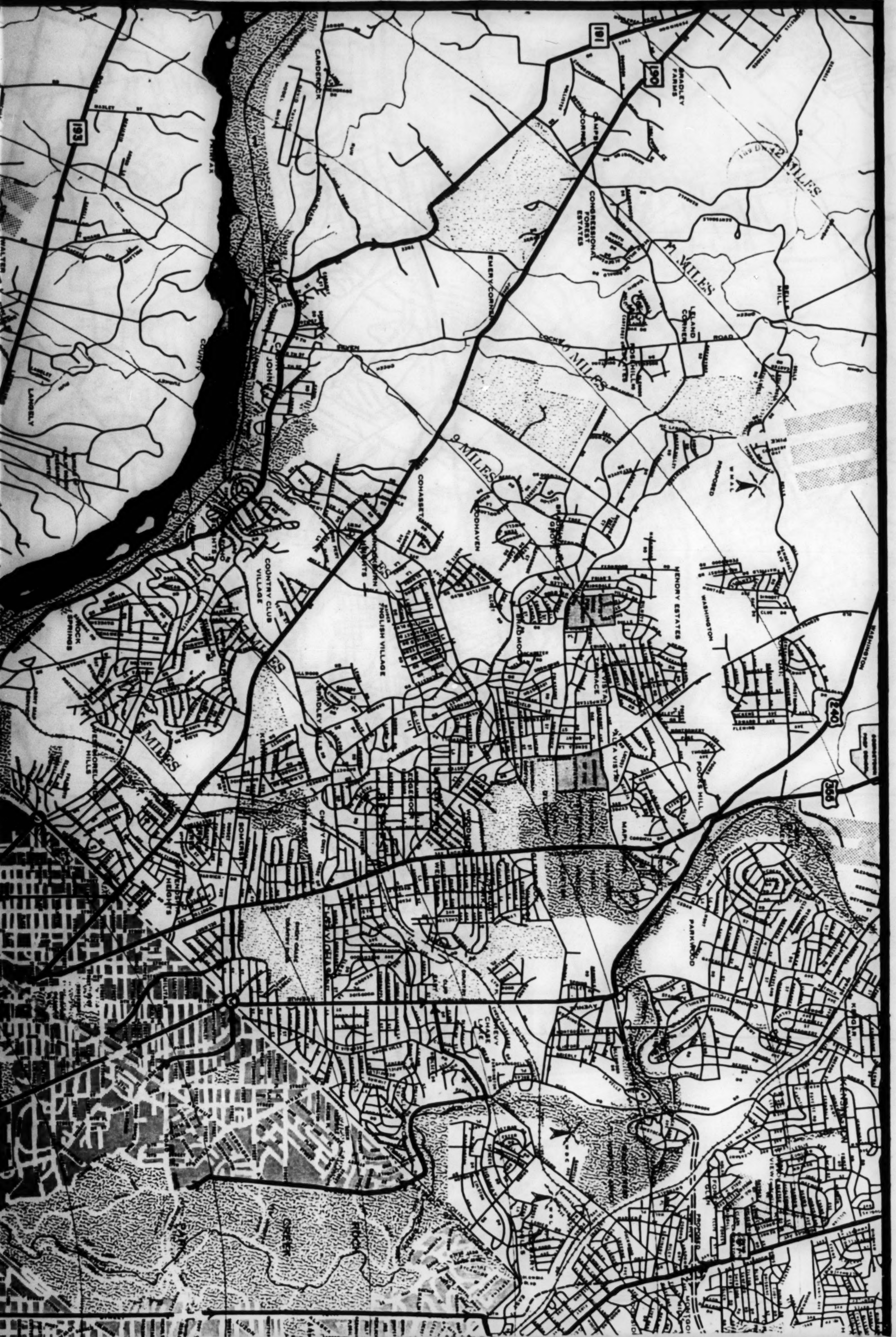
MT DANIEL
LEWINSVILLE
WEST McLEAN
FOREST
PROVIDENCE
739
193
CARDEROCK
WALTER HEIGHTS
McLEAN
LANGLEY
FRANKLIN PARK
CHESTERBROOK
CHESTERBROOK WOODS
FAIRFAX COUNTY
ARLINGTON COUNTY
FAIRFAX COUNTY
COUNTRY CLUB VILLAGE
ENGLISH VILLAGE
WOHLSHIRE
ROCK SPRINGS
WESTMORELAND HILLS
KENWOOD HEIGHTS
SOMERSET
BRADLEY
MILES
MILES
MILES
PARK
CREEK
ROCK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191
190
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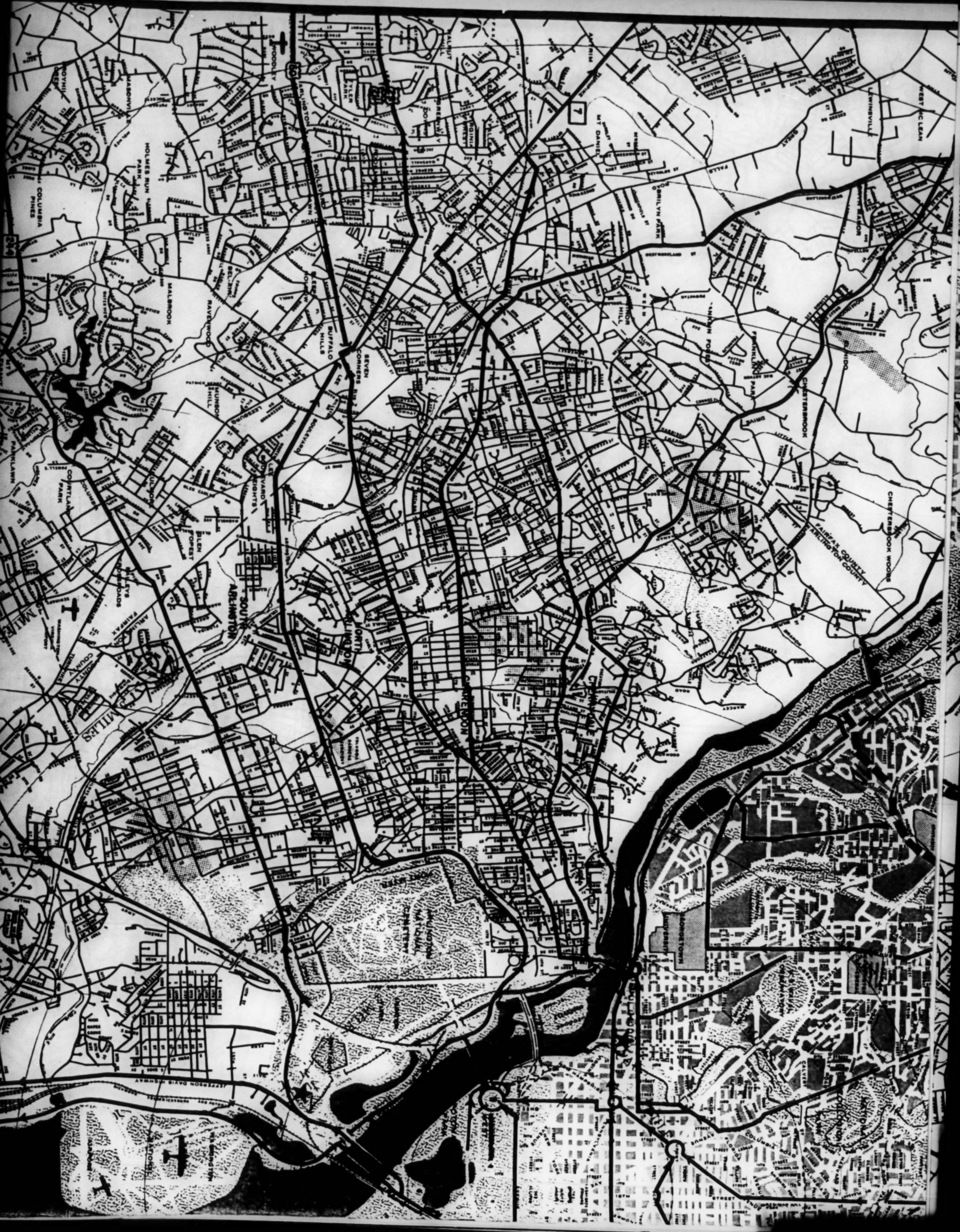
CARDEROCK
BRADLEY FARMS
CONGRESSIONAL FOREST ESTATES
12 MILES
11 MILES
10 MILES
9 MILES
8 MILES
7 MILES
EMERY CORNER
LELAND CORNER
ROAD
SEVEN
CABIN JOHN
LANGLEY
COUNTY
WALTER
BELL MILL
PROPOSED
COHASSET
WOODHAVEN
COUNTRY CLUB VILLAGE
ROCK SPRINGS
ENGLISH VILLAGE
WESTMORELAND HILLS
WASHINGTON
POOKS HILL
PARKWOOD
CHEVY CHASE
CREEK
ROCK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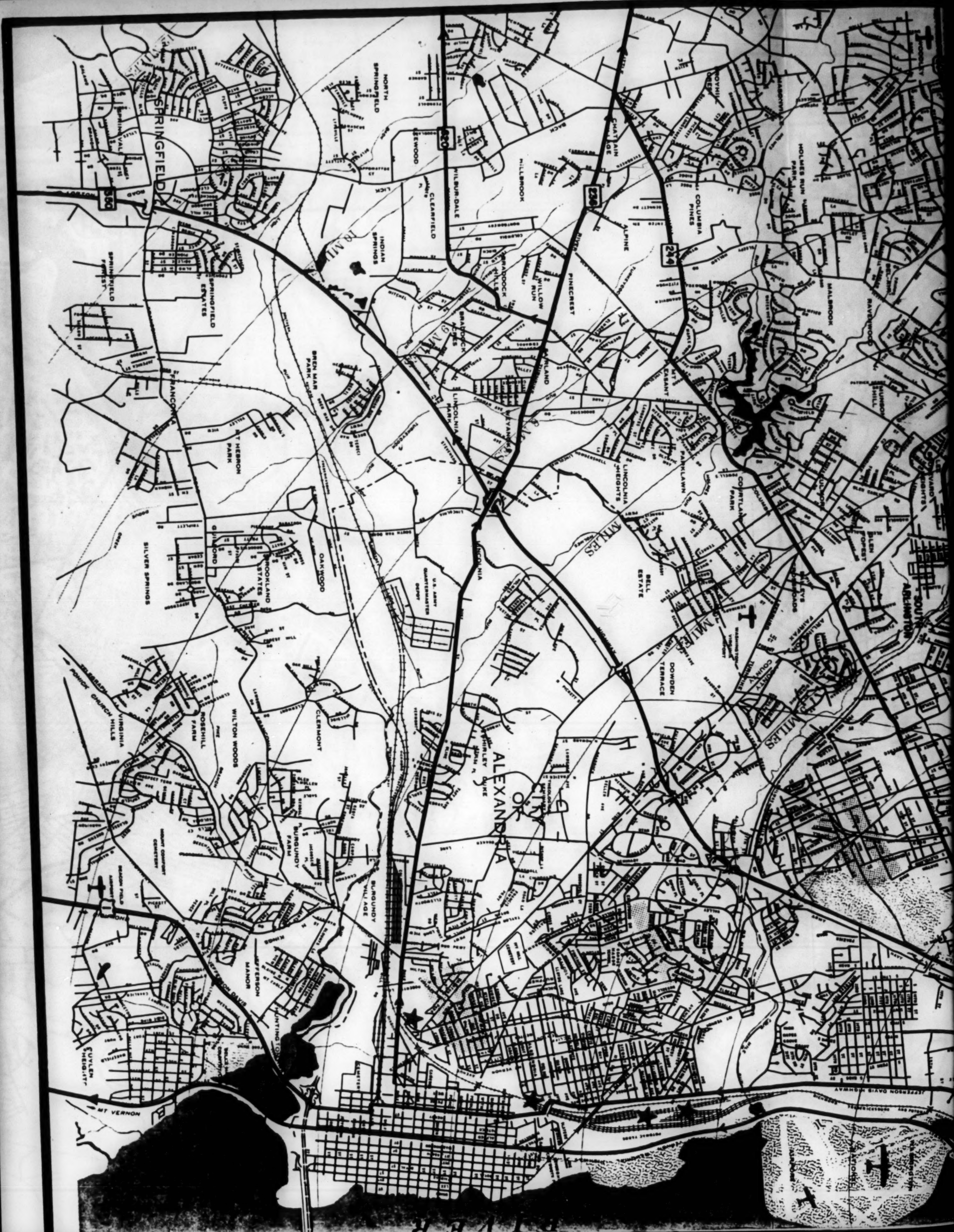
ARLINGTON BOULEVARD
TYLER PARK
WALNUT HILL
FALLS CHURCH
WEST FALLS CHURCH
MT DANIEL
LEWINSVILLE
WEST MC LEAN
MC LEAN
FALLS
BRILYN PARK
WESTMORELAND ST
MINOR HILL
FRANKLIN PARK
CHESTERBROOK
CHESTERBROOK WOODS
FAIRFAX COUNTY
ARLINGTON COUNTY
HOLMES RUN PARK
COLUMBIA PINES
MASONVILLE
MALBROOK
RAVENWOOD
BEL-AIR
BUFFALO HILLS
SEVEN CORNERS
MUNSON HILL
LEESBURG
LEE BOULEVARD HEIGHTS
GLEN FOREST
COURTLAND PARK
PARKLAWN
BAILEYS CROSSROADS
SOUTH ARLINGTON
NORTH ARLINGTON
CLARENDON
MILES
ARLINGTON NATIONAL CEMETERY
GEORGETOWN
GEORGETOWN UNIVERSITY
JEFFERSON DAVIS HIGHWAY
WASHINGTON NATIONAL AIRPORT
244
7
50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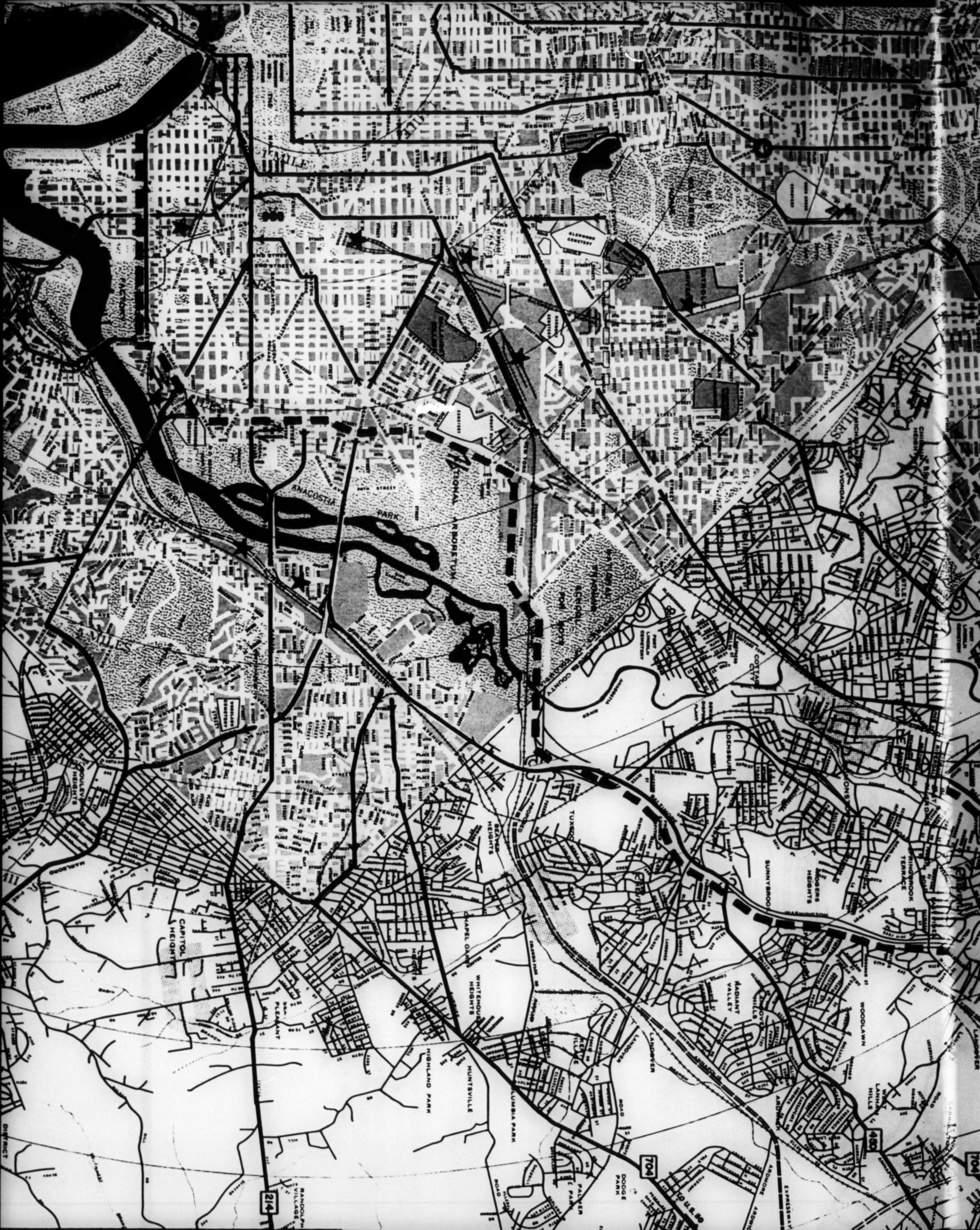
CLEARFIELD
INDIAN SPRINGS
WILBUR-DALE
HILLBROOK
CHATEAU RIDGE
ALPINE
PINECREST
WILLOW RUN
BRADDOCK HILLS
COLUMBIA PINES
HOLMES RUN PARK
MALBROOK
RAVENWOOD
MUNSON HILL
SPRINGFIELD FOREST
SPRINGFIELD ESTATES
BREN MAR PARK
BRADDOCK ACRES
LINCOLNIA PARK
LINCOLNIA HEIGHTS
MT PLEASANT
PARKLAWN
CORTLAND PARK
GLEN FOREST
SOUTH ARLINGTON
FRANCONIA
MT HEBRON PARK
SILVER SPRINGS
GUILFORD
BROOKLAND ESTATES
OAKWOOD
U.S. ARMY QUARTERMASTER DEPOT
BELL ESTATE
DOWDEN TERRACE
CITY OF ALEXANDRIA
SHIRLEY DUKE
CLERMONT
WILTON WOODS
ROSEHILL FARM
VIRGINIA HILLS
BURGUNDY FARM
BURGUNDY VILLAGE
JEFFERSON MANOR
HUNTINGTON
CUYLER HEIGHTS
MT VERNON
JEFFERSON DAVIS HIGHWAY
350
236
244
10 MI
9 MI
MILES
RIVER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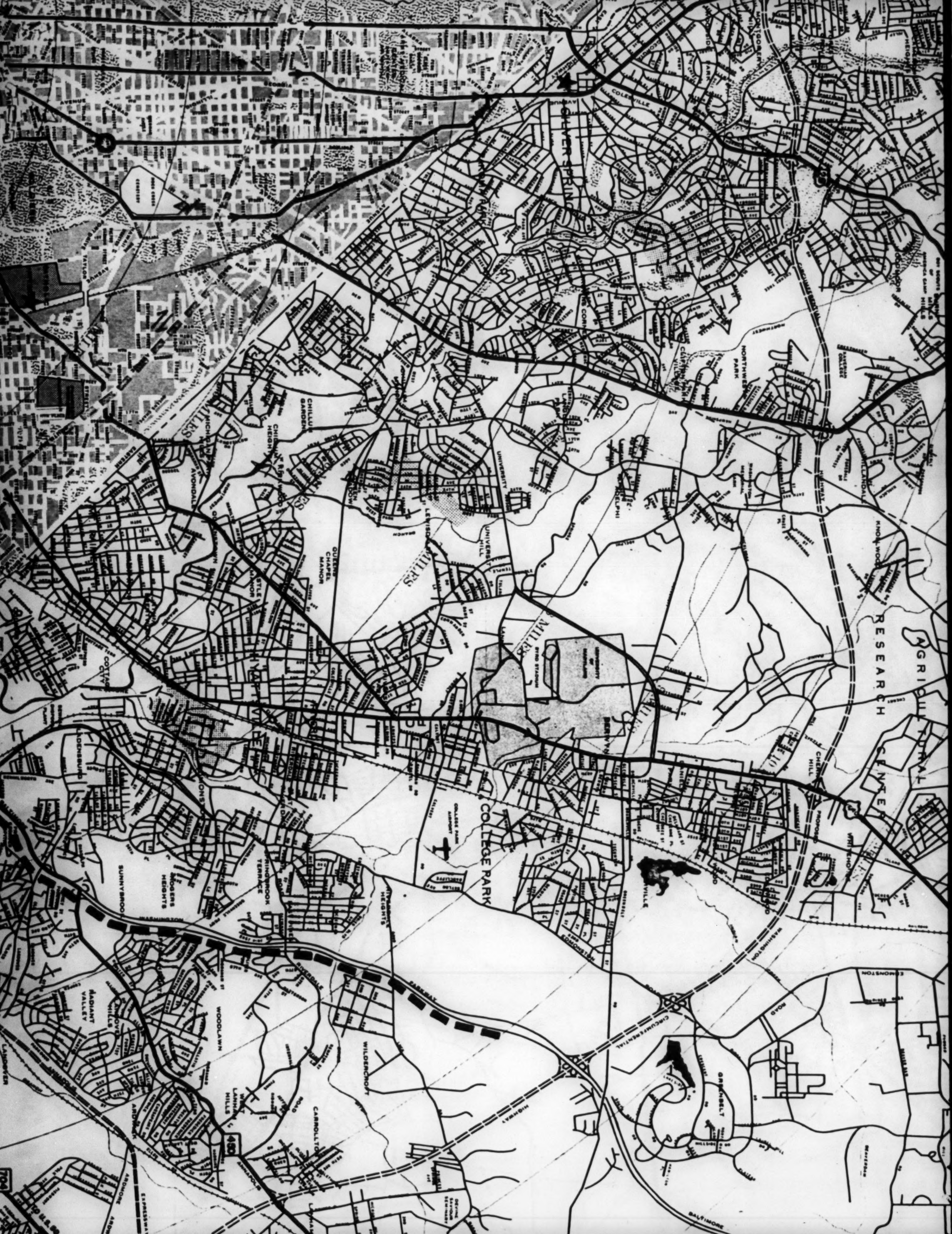
ANACOSTIA PARK
NATIONAL ARBORETUM
COTTAGE CITY
BLADENSBURG
BEAVER HEIGHTS
TUXEDO
CHEVERLY
SUNNYBROOK
ROGERS HEIGHTS
GLENBROOK TERRACE
WASHINGTON
CAPITOL HEIGHTS
CHAPEL OAKS
WHITEHOUSE HEIGHTS
SEAT PLEASANT
HIGHLAND PARK
HUNTSVILLE
COLUMBIA PARK
RADIANT VALLEY
WOODLAWN
LANDOVER
ANNAPOLIS
ARDMORE
EXPRESSWAY
RANDOLPH VILLAGE
PALMER PARK
DODGE PARK
DISTRICT
214
704
450
TO U.S. 50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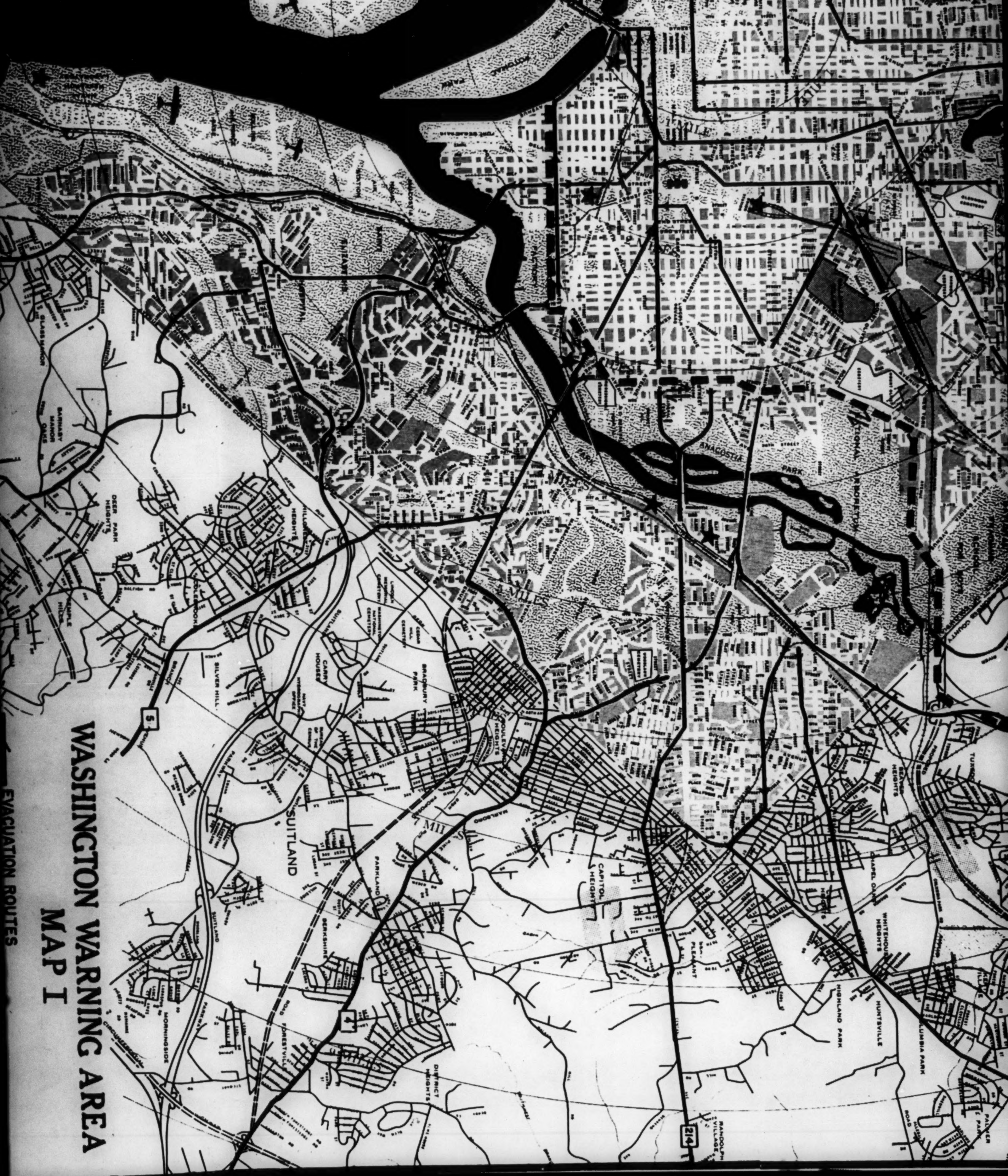
COLESVILLE
NORTHWEST PARK
CHILLUM GARDENS
CHILLUM HEIGHTS
AVONDALE
UNIVERSITY
ADELPHI
QUEENS CHAPEL MANOR
UNIVERSITY HILLS
LEWISDALE
CASTLE MANOR
HYATTSVILLE
COTTAGE CITY
BLADENSBURG
EDMONSTON
COLLEGE PARK
COLLEGE PARK AIRPORT
BYRD STADIUM
BERWYN
CHERRY HILL
RESEARCH
AGRICULTURAL CENTER
SUNNYBROOK
ROGERS HEIGHTS
SPRINGBROOK TERRACE
WOODLAWN
RADIANT VALLEY
WEST LANHAM HILLS
CARROLLTON
WILDERCROFT
GREENBELT
BELTSVILLE
WASHINGTON
CIRCUMFERENTIAL
BALTIMORE
PARKWAY
EXPRESSWAY
HIGHWAY
ARDMORE
MILES
1
410
450
50
TO U.S. 50

WASHINGTON WARNING AREA
MAP I
EVACUATION ROUTES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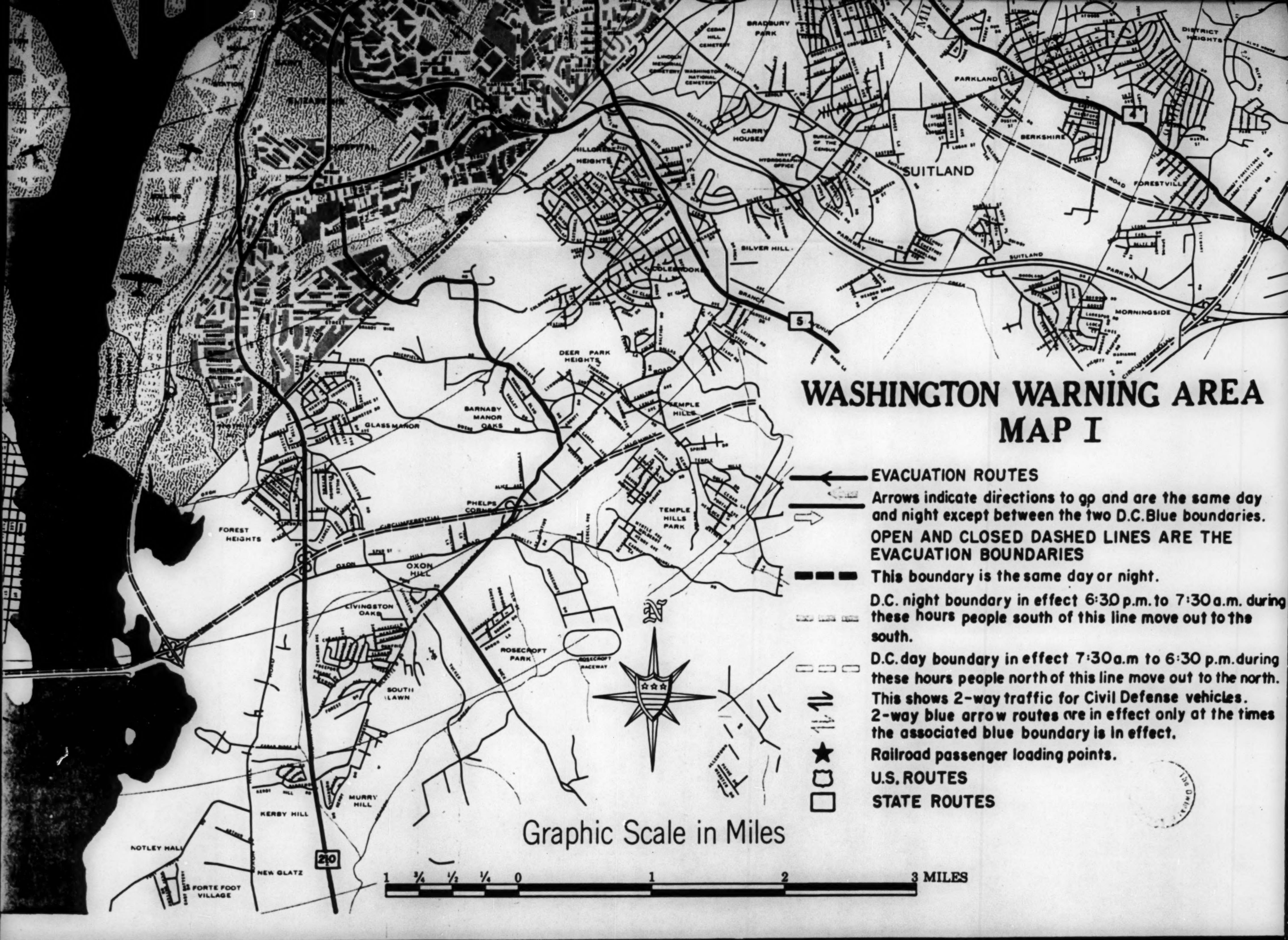
PARK
NATIONAL ARBORETUM
PRINCE GEORGES COUNTY
GLASSMANOR
BARNABY MANOR OAKS
DEER PARK HEIGHTS
TEMPLE HILLS
SILVER HILL
HILLCREST HEIGHTS
CARY HOUSE
BRADBURY PARK
NATIONAL CEMETERY
SUITLAND
COOLEY HEIGHTS
MARLBORO
CAPITOL HEIGHTS
PARKLAND
BERKSHIRE
FORESTVILLE
DISTRICT HEIGHTS
MORNINGSIDE
PLEASANT
HIGHLAND PARK
HUNTSVILLE
WHITEHOUSE HEIGHTS
CHAPEL OAKS
SEAT PLEASANT
BEAVER HEIGHTS
COLUMBIA PARK
PALMER PARK
RANDOLPH VILLAGE
5
4
214
MILES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CEDAR HILL CEMETERY
LINCOLN MEMORIAL CEMETERY
WASHINGTON NATIONAL CEMETERY
DISTRICT HEIGHTS
PARKLAND
BERKSHIRE
FORESTVILLE
CARRY HOUSES
BUREAU OF THE CENSUS
NAVY HYDROGRAPHIC OFFICE
SUITLAND
SUITLAND PARKWAY
HILLCREST HEIGHTS
SILVER HILL
COLEBROOKE
BRANCH AVENUE
5
MORNINGSIDE
CIRCUMFERENTIAL
PRINCE GEORGES COUNTY
DEER PARK HEIGHTS
BARNABY MANOR OAKS
GLASSMANOR
TEMPLE HILLS
TEMPLE HILLS PARK
PHELPS CORNER
FOREST HEIGHTS
OXON HILL
LIVINGSTON OAKS
ROSECROFT PARK
ROSECROFT RACEWAY
SOUTH LAWN
MURRY HILL
KERBY HILL
NOTLEY HALL
NEW GLATZ
FORTE FOOT VILLAGE
210
N
Graphic Scale in Miles
1 3/4 1/2 1/4 0 1 2 3 MILES

WASHINGTON WARNING AREA
MAP I

EVACUATION ROUTES

Arrows indicate directions to go and are the same day and night except between the two D.C. Blue boundaries.

OPEN AND CLOSED DASHED LINES ARE THE EVACUATION BOUNDARIES

This boundary is the same day or night.

D.C. night boundary in effect 6:30 p.m. to 7:30 a.m. during these hours people south of this line move out to the south.

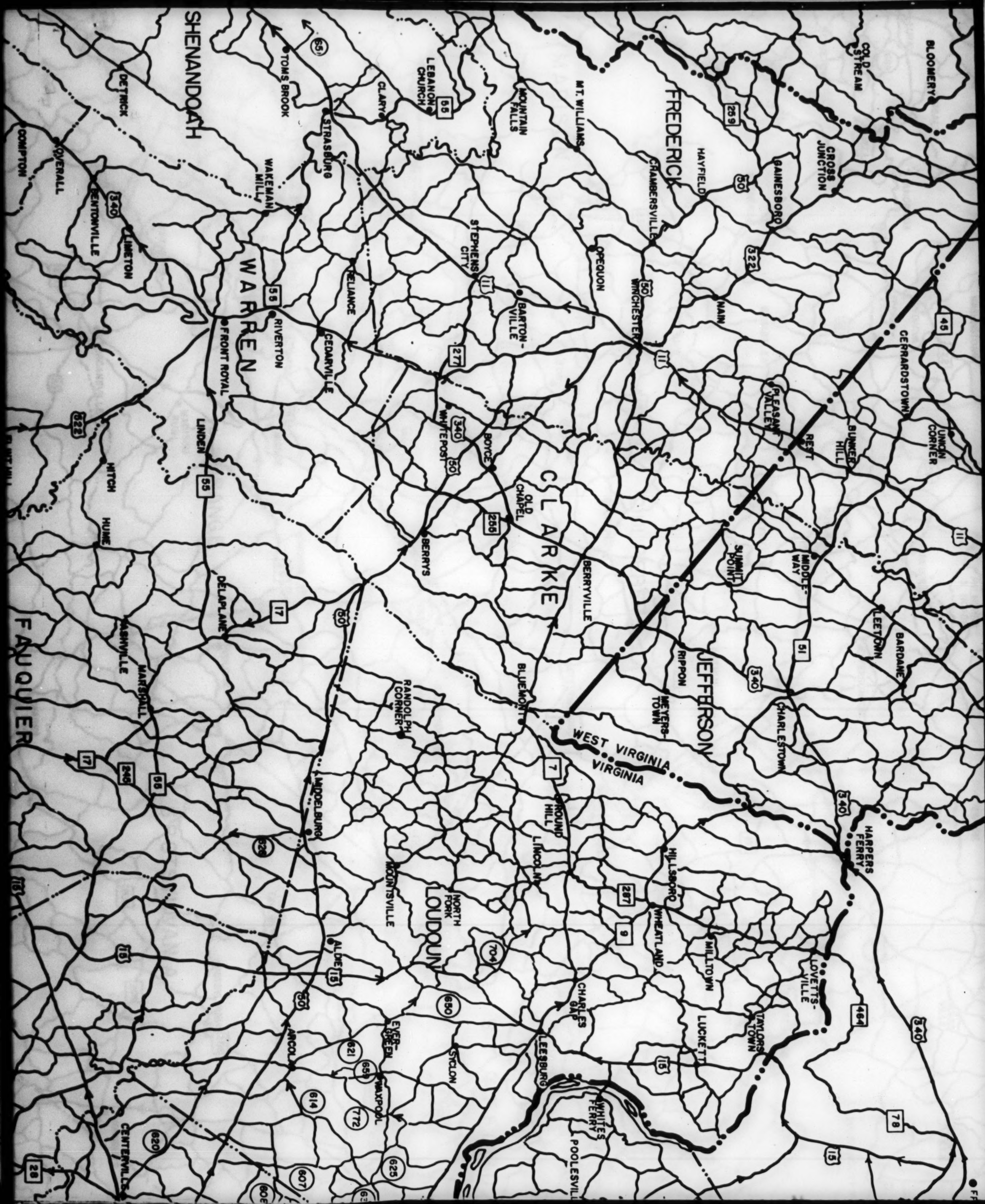
D.C. day boundary in effect 7:30 a.m to 6:30 p.m. during these hours people north of this line move out to the north.

This shows 2-way traffic for Civil Defense vehicles. 2-way blue arrow routes are in effect only at the times the associated blue boundary is in effect.

★ Railroad passenger loading points.

U.S. ROUTES

☐ STATE ROUTES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WARREN
CLARKE
JEFFERSON
LOUDOUN
FAUQUIER
WEST VIRGINIA
VIRGINIA
TOMS BROOK
DETRICK
COMPTON
OVERALL
BENTONVILLE
LIMETON
STRASBURG
WAKEMAN MILL
LEBANON CHURCH
CLARYS
MOUNTAIN FALLS
MT. WILLIAMS
STEPHENS CITY
RELIANCE
CEDARVILLE
RIVERTON
FRONT ROYAL
LINDEN
BARTONVILLE
WHITE POST
BOYCE
OLD CHAPEL
BERRYS
BERRYVILLE
OPEQUON
CRAMBERSVILLE
WINCHESTER
HAYFIELD
GAINESBORO
CROSS JUNCTION
COLD STREAM
BLOOMERY
NAIN
GERRARDSTOWN
PLEASANT VALLEY
REST
BUNKER HILL
UNION CORNER
SUMMIT POINT
MIDDLEWAY
LEETOWN
BARDANE
RIPPON
MEYERSTOWN
CHARLESTOWN
HARPERS FERRY
BLUEMONT
ROUND HILL
LINCOLN
HILLSBORO
WHEATLAND
MILLTOWN
LOVETTSVILLE
TAYLORSTOWN
LUCKETTS
CHARLES GAP
LEESBURG
WHITES FERRY
POOLESVILLE
NORTH FORK
MOUNTSVILLE
RANDOLPH CORNER
MIDDLEBURG
ALDIE
EVERGREEN
WAXPOOL
SYCLON
ARCOLA
CENTERVILLE
HITCH
HUME
DELAPLANE
MARSHALL
NASHVILLE
55
11
50
340
522
259
45
277
255
17
7
51
9
287
704
15
650
621
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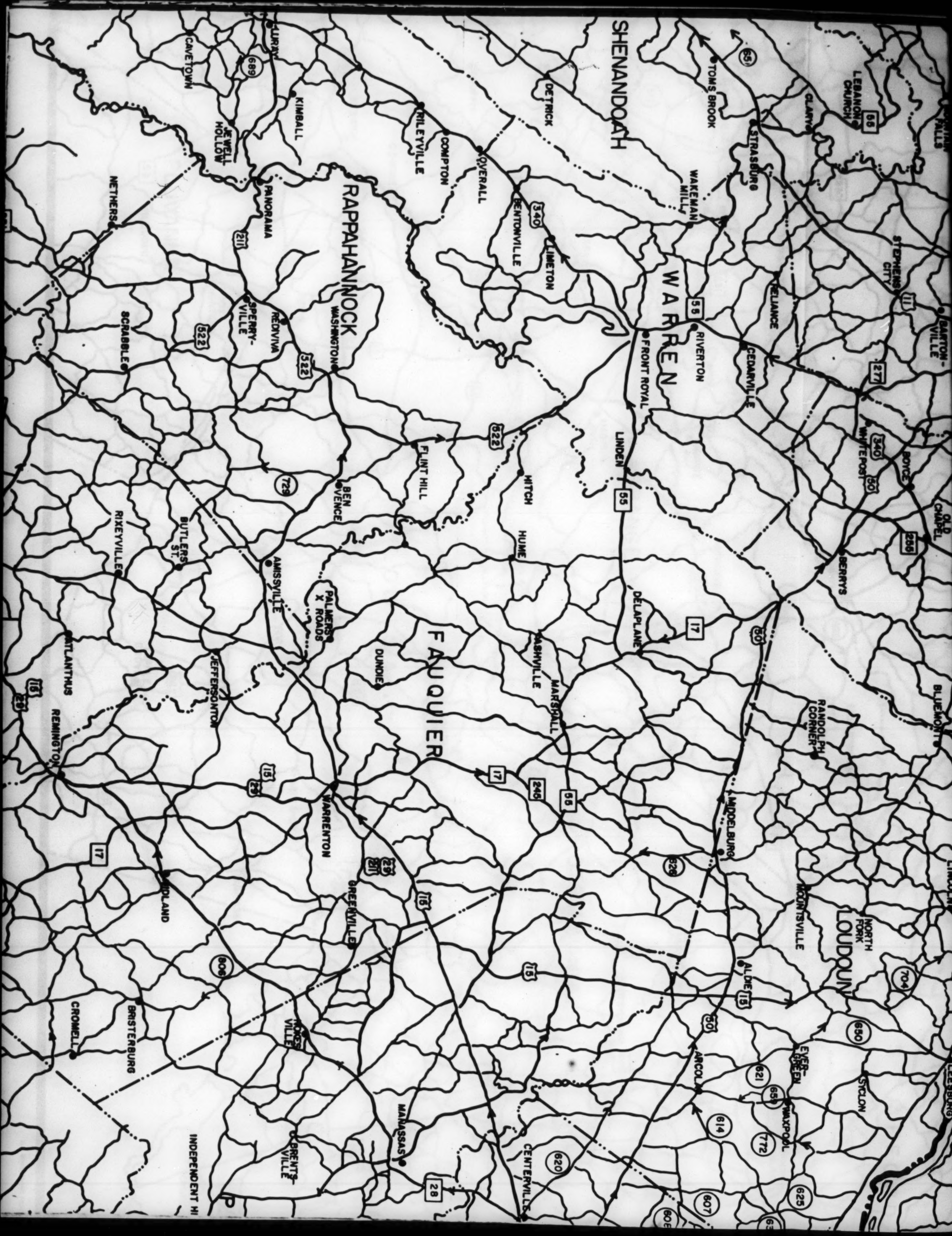
607
620
28
245
626
464
78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RAPPAHANNOCK
WARREN
FAUQUIER
LOUDOUN
CAVETOWN
LURAY
KIMBALL
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NETHERS
PANORAMA
SPERRYVILLE
REDVIVA
SCRABBLE
WASHINGTON
DETRICK
RILEYVILLE
COMPTON
OVERALL
BENTONVILLE
LIMETON
TOMS BROOK
STRASBURG
WAKEMAN MILL
CLARYS
LEBANON CHURCH
STEPHENS CITY
BARTONVILLE
RELIANCE
RIVERTON
CEDARVILLE
FRONT ROYAL
LINDEN
WHITEPOST
BOYCE
OLD CHAPEL
BERRYS
FLINT HILL
BEN VENCE
HITCH
HUME
RIXEYVILLE
BUTLERS ST.
AMISSVILLE
PALMERS X ROADS
DELAPLANE
ATLANTHUS
JEFFERSONTON
DUNDIE
HASHVILLE
MARSHALL
REMINGTON
WARRENTON
RANDOLPH CORNER
BLUEMONT
MIDDLEBURG
MIDLAND
GREENVILLE
MOUNTSVILLE
NORTH FORK
ALDIE
LINCOLN
CROMELL
BRISTERBURG
NOKESVILLE
ARCOLA
EVERGREEN
SYCLON
WAXPOOL
LEESBURG
MANASSAS
BRENTSVILLE
CENTERVILLE
INDEPENDENT HI
689
211
522
340
55
11
277
50
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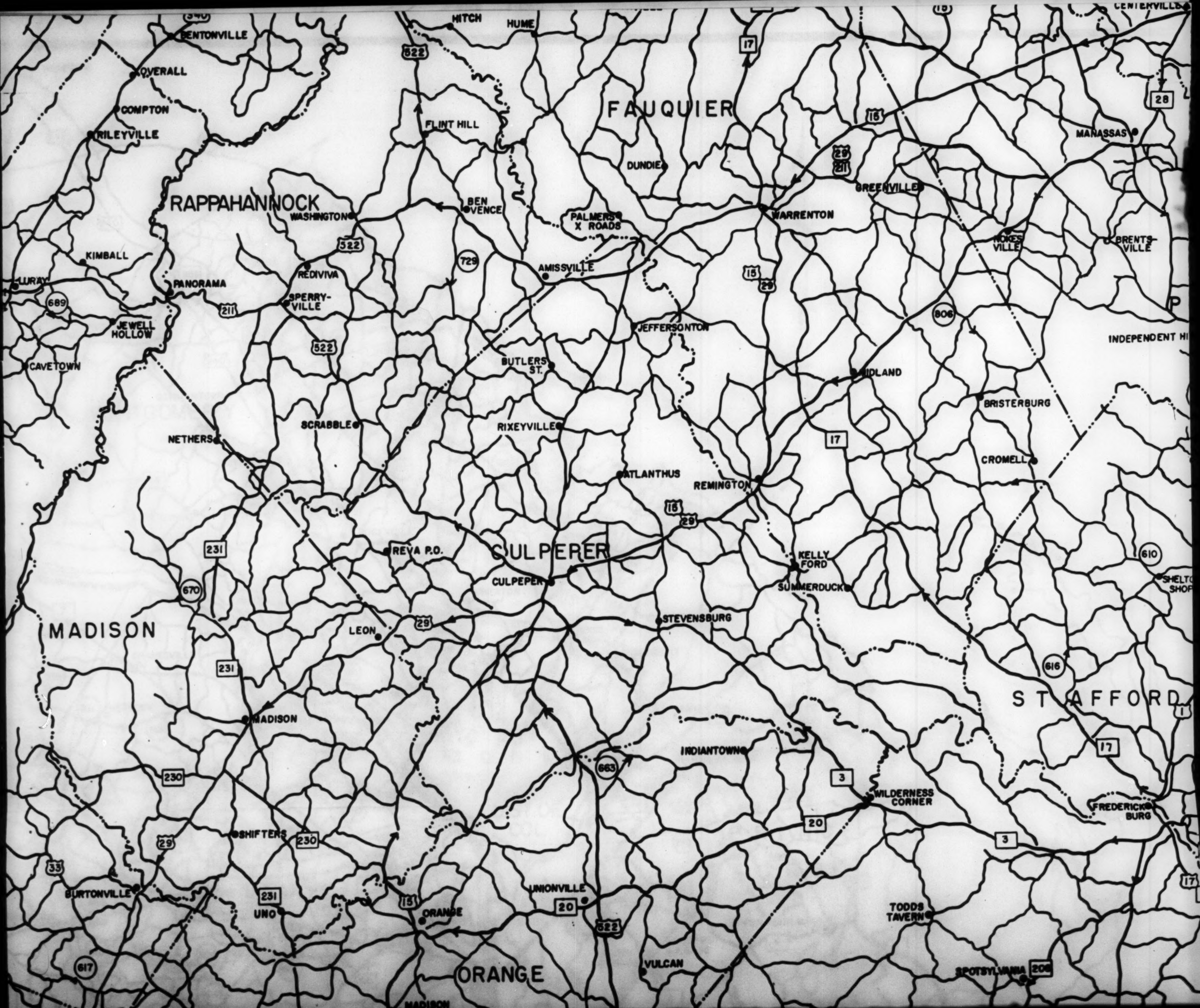
606
28
66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OVERALL
COMPTON
RILEYVILLE
HITCH
HUME
522
17
15
CENTERVILLE
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FLINT HILL
FAUQUIER
MANASSAS
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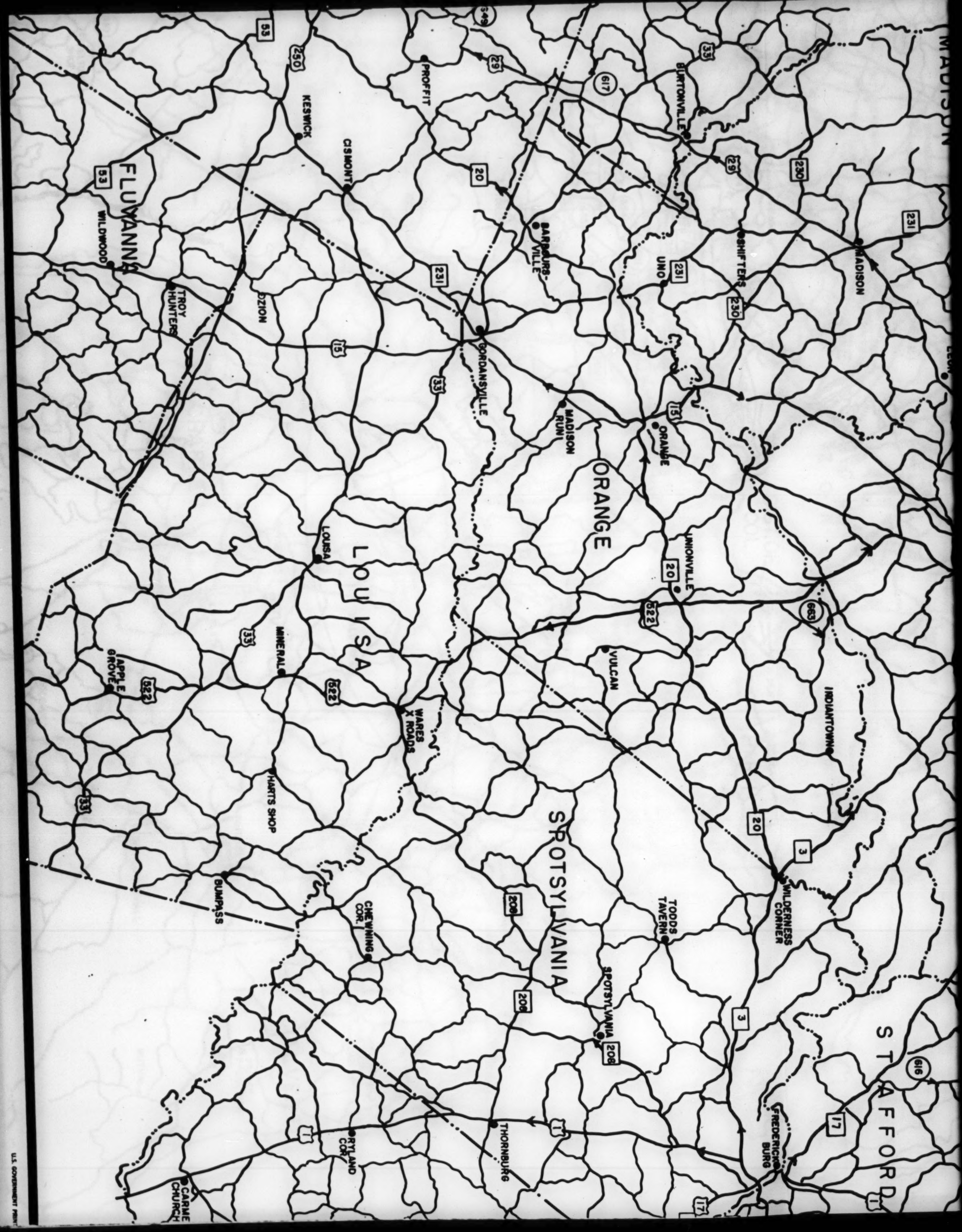
29
211
DUNDIE
GREENVILLE
RAPPAHANNOCK
WASHINGTON
BEN VENCE
PALMERS X ROADS
WARRENTON
NOKESVILLE
BRENTSVILLE
522
KIMBALL
REDIVIVA
729
AMISSVILLE
LURAY
PANORAMA
689
211
SPERRYVILLE
15
29
806
JEWELL HOLLOW
522
JEFFERSONTON
INDEPENDENT HI
CAVETOWN
BUTLERS ST.
MIDLAND
BRISTERBURG
SCRABBLE
RIXEYVILLE
NETHERS
17
CROMELL
ATLANTHUS
REMINGTON
15
29
CULPEPER
REVA P.O.
231
KELLY FORD
610
670
CULPEPER
SUMMERDUCK
SHELTO SHOP
MADISON
LEON
29
STEVENSBURG
231
616
STAFFORD
1
MADISON
INDIANTOWN
17
663
3
WILDERNESS CORNER
FREDERICKSBURG
230
20
SHIFTERS
230
3
29
33
BURTONVILLE
231
UNO
15
ORANGE
UNIONVILLE
20
522
TODDS TAVERN
17
617
VULCAN
ORANGE
SPOTSYLVANIA
208
MADISON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ORANGE
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STAFFORD
PROFFIT
KESWICK
CISMONT
BURTONVILLE
BARBOURSVILLE
UNO
SHIFTERS
MADISON
WILDWOOD
TROY
HUNTERS
ZION
GORDONSVILLE
MADISON RUN
ORANGE
UNIONVILLE
LOUISA
MINERAL
APPLE GROVE
VULCAN
WARES X ROADS
INDIANTOWN
HARTS SHOP
WILDERNESS CORNER
TODDS TAVERN
BUMPASS
CHEWNING COR.
SPOTSYLVANIA
THORNBURG
RTLAND COR
FREDERICKSBURG
CARME CHURCH
53
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231
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522
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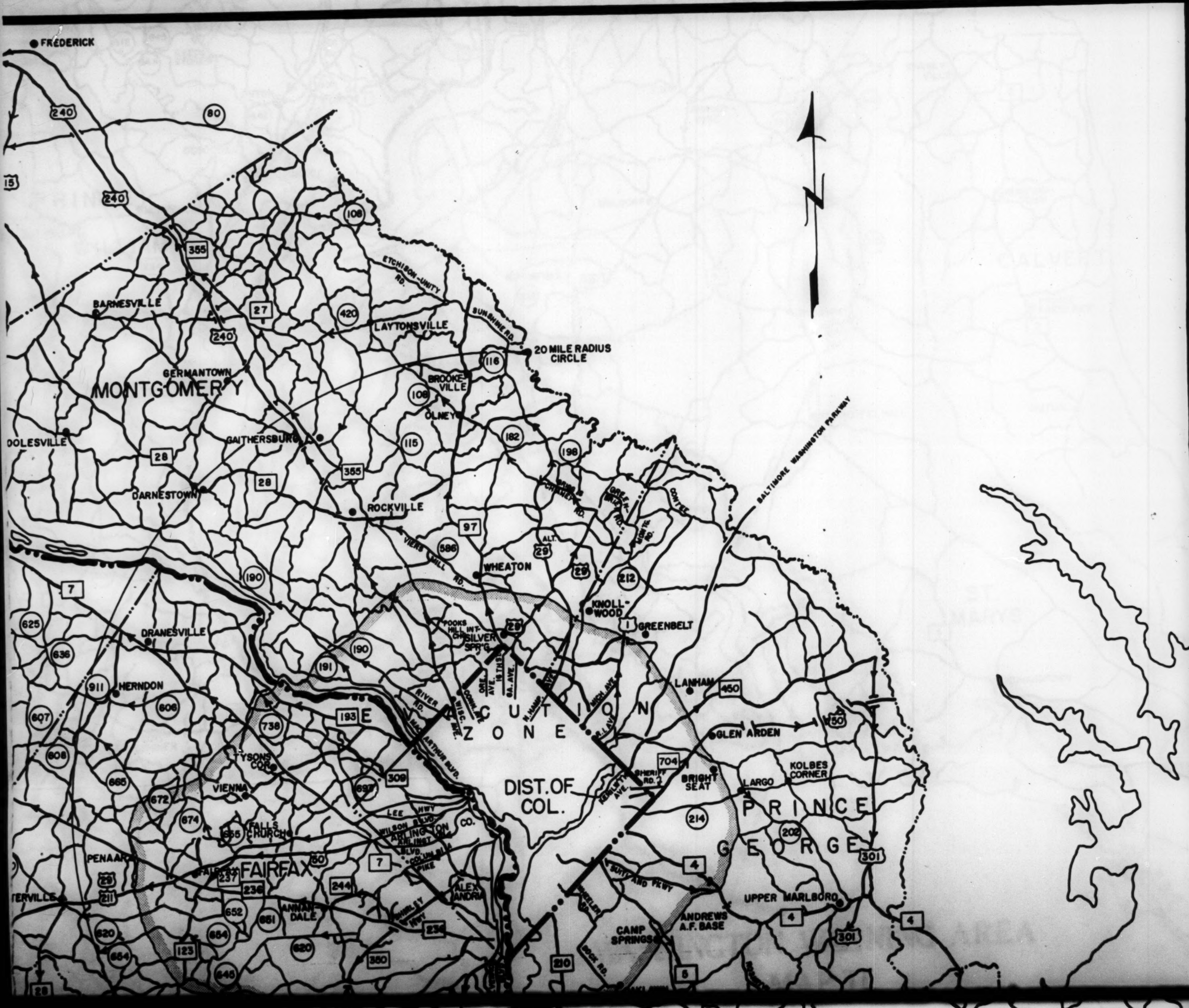
208
3
1
17
616

U.S. GOVERNMENT PRINT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BARNESVILLE
GERMANTOWN
POOLESVILLE
GAITHERSBURG
DARNESTOWN
ROCKVILLE
LAYTONSVILLE
BROOKEVILLE
OLNEY
ETCHISON-UNITY RD.
SUNSHINE RD.
20 MILE RADIUS CIRCLE
WHEATON
KNOLL-WOOD
GREENBELT
LANHAM
GLEN ARDEN
KOLBES CORNER
LARGO
BRIGHT SEAT
PRINCE GEORGE
UPPER MARLBORO
ANDREWS A.F. BASE
CAMP SPRINGS
SUITLAND PKWY
DIST. OF COL.
CAUTION ZONE
SILVER SPR'G
POOKS HILL INT-CH.
RIVER RD.
WISC. AVE.
CONN. AVE.
ORE. AVE.
16 TH ST.
GA. AVE.
N. HAMP. AVE.
MICH. AVE.
R.I. AVE.
KENILWORTH AVE.
SHERIFF RD.
MAC ARTHUR BLVD.
VIERS MILL RD.
BALTIMORE WASHINGTON PARKWAY
DRANESVILLE
HERNDON
TYSONS COR.
VIENNA
FALLS CHURCH
FAIRFAX
PENAAR
ANNANDALE
ALEXANDRIA
ARLINGTON CO.
LEE HWY
WILSON BLVD.
ARLINGTON BLVD.
COLUMBIA PIKE
SHIRLEY HWY
CENTREVILLE
N
240
80
15
355
27
108
420
116
106
115
182
198
28
97
586
29
212
190
191
193
7
625
636
911
607
606
608
738
309
697
665
672
674
655
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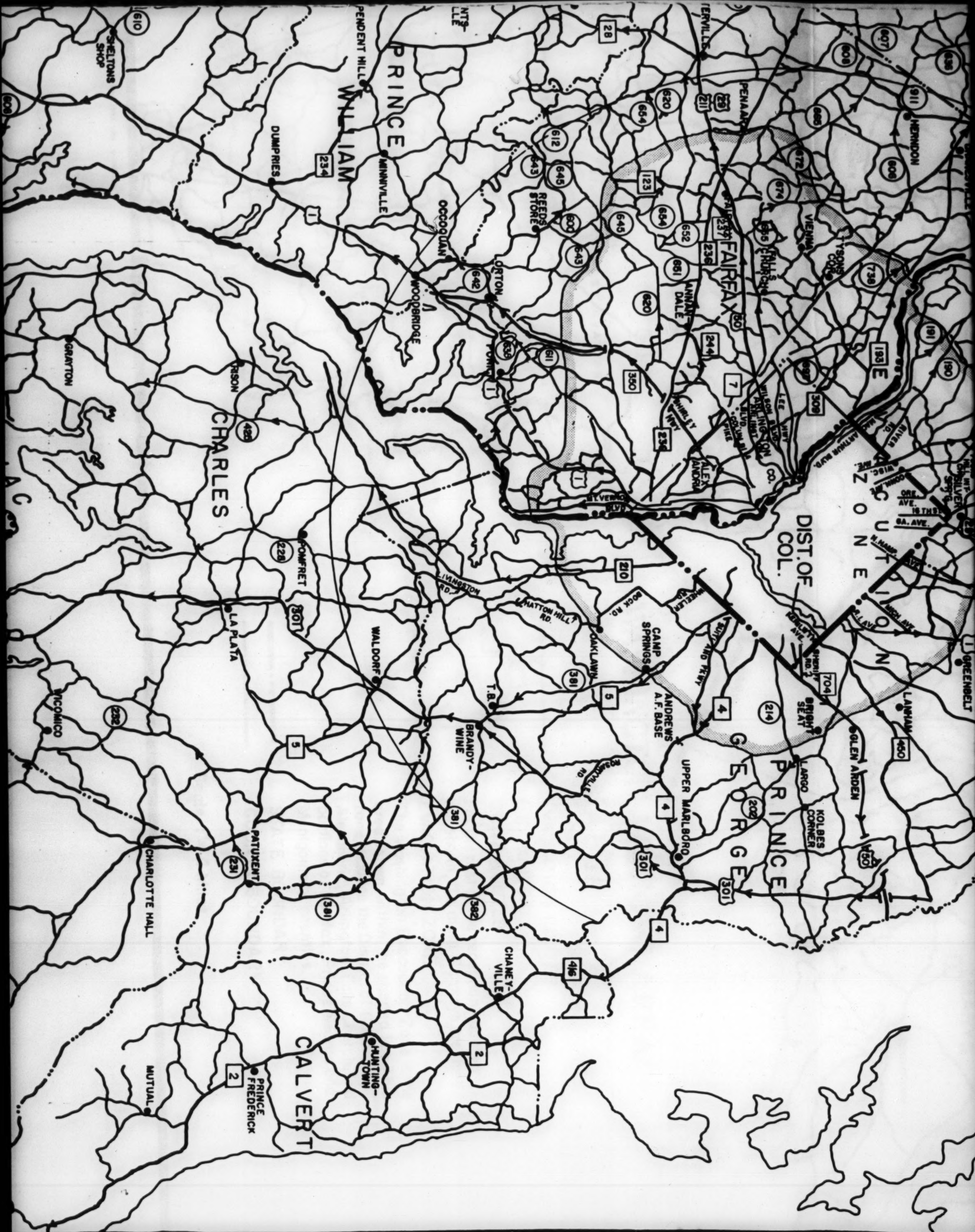
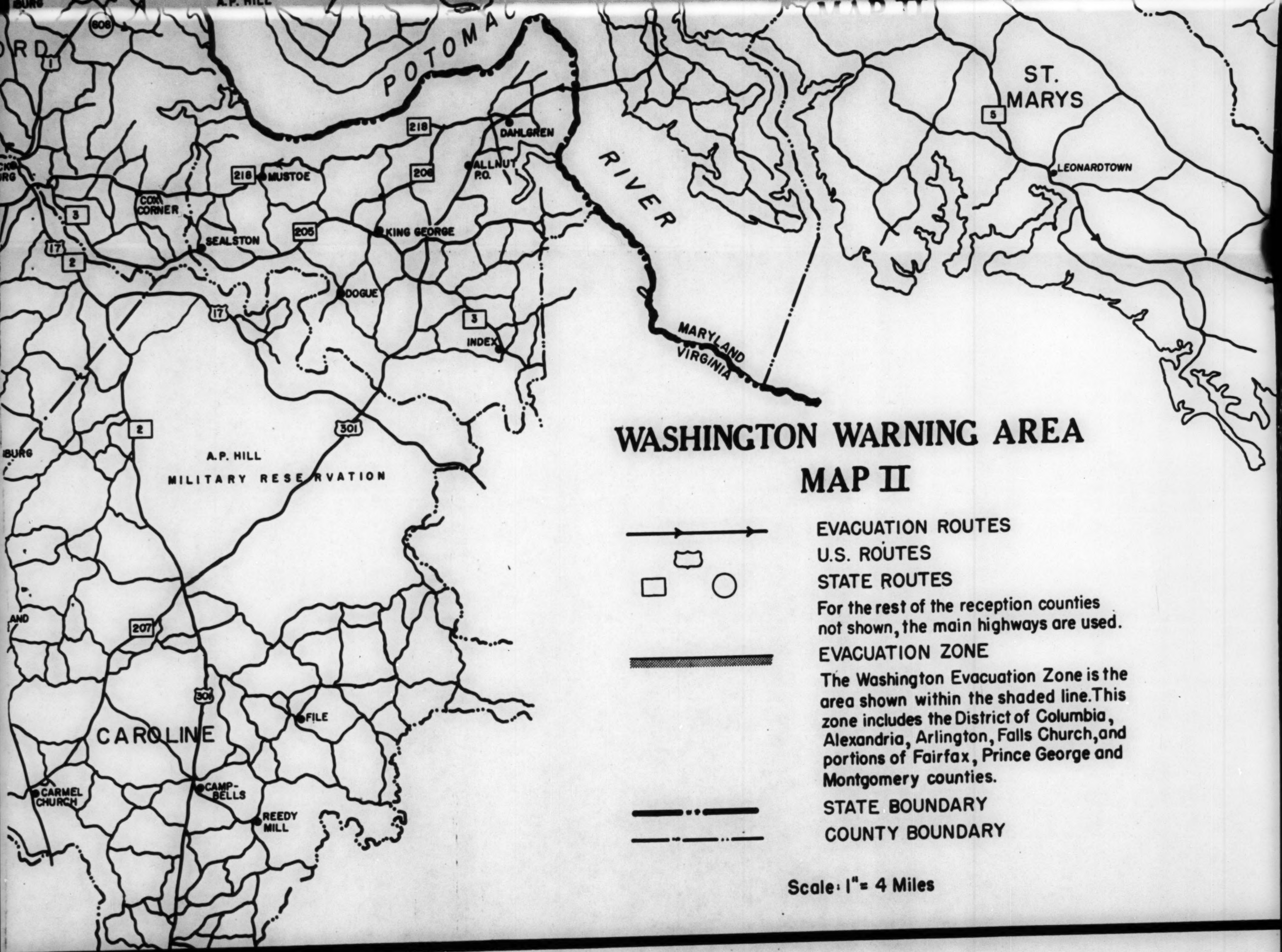
210
5



PRINCE WILLIAM
FAIRFAX
CHARLES
PRINCE GEORGE
CALVERT
DIST. OF COL.
CAUTION ZONE
SHELTONS SHOP
PENDENT HILL
DUMFRIES
MINNIEVILLE
OCCOQUAN
WOODBRIDGE
LORTON
REEDS STORE
ANNANDALE
FALLS CHURCH
VIENNA
TYSONS COR.
HERNDON
ALEXANDRIA
ARLINGTON CO.
MT. VERNON BLVD.
LIVINGSTON RD.
HATTON HILL RD.
GRAYTON
POMFRET
LA PLATA
WALDORF
T.B.
BRANDYWINE
OAK LAWN
CAMP SPRINGS
ANDREWS A.F. BASE
UPPER MARLBORO
BRIGHT SEAT
LARGO
KOLBES CORNER
GLEN ARDEN
LANHAM
GREENBELT
SILVER SPRING
WICOMICO
CHARLOTTE HALL
PATUXENT
CHANEYVILLE
HUNTINGTOWN
PRINCE FREDERICK
MUTUAL
1
4
5
2
7
28
123
210
211
234
236
237
244
301
350
381
382
416
450
704

WASHINGTON WARNING AREA

MAP II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RIVER
MARYLAND
VIRGINIA
ST. MARYS
LEONARDTOWN
DAHLGREN
ALLNUT P.O.
MUSTOE
KING GEORGE
COM CORNER
SEALSTON
DOGUE
INDEX
A.P. HILL
MILITARY RESERVATION
CAROLINE
FILE
CAMP-BELLS
REEDY MILL
CARMEL CHURCH
1
608
218
206
205
3
17
2
301
207
5

EVACUATION ROUTES

U.S. ROUTES

STATE ROUTES

For the rest of the reception counties not shown, the main highways are used.

EVACUATION ZONE

The Washington Evacuation Zone is the area shown within the shaded line. This zone includes the District of Columbia, Alexandria, Arlington, Falls Church, and portions of Fairfax, Prince George and Montgomery counties.

STATE BOUNDARY

COUNTY BOUNDARY

Scale: 1" = 4 Miles

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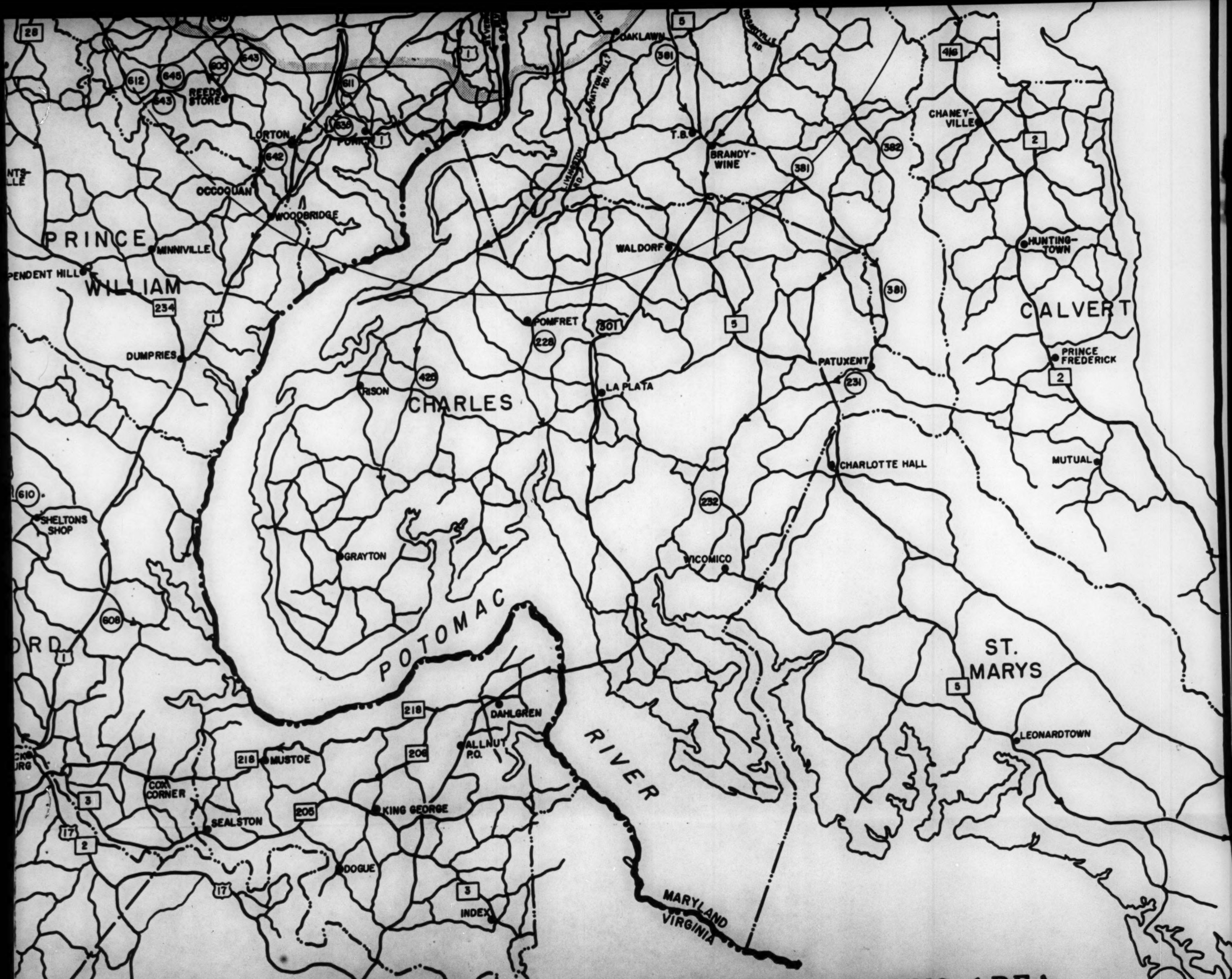

PRINCE
WILLIAM
CHARLES
CALVERT
ST. MARYS
POTOMAC
RIVER
MARYLAND
VIRGINIA
PENDENT HILL
MINNIVILLE
OCCOQUAN
WOODBRIDGE
LORTON
REEDS STORE
DUMPRIES
SHELTONS SHOP
ORD
RISON
GRAYTON
POMFRET
LA PLATA
WALDORF
OAKLAWN
T.B.
BRANDY-WINE
CHANEY-VILLE
HUNTING-TOWN
PRINCE FREDERICK
MUTUAL
PATUXENT
CHARLOTTE HALL
VICOMICO
LEONARDTOWN
DAHLGREN
ALLNUT P.O.
MUSTOE
COR CORNER
SEALSTON
KING GEORGE
DOGUE
INDEX
A.P. HILL
LIVINGSTON RD.
HATTON HILL RD.
28
612
645
600
643
611
636
642
1
234
610
606
2
3
17
218
206
205
301
428
228
381
5
382
416
231
232

WASHINGTON WARNING AREA

DECONTAMINATION

If you suspect that fallout particles have settled on you, brush yourself immediately. Remove your clothing as quickly as possible and wash yourself thoroughly. If it is necessary to use the clothes that were contaminated, wash or shake and brush them. Shaking and brushing should be done under some cover such as an open porch, but not in a room to be occupied. Exposed containers of drinking water and food should be washed, and certain unpackaged food can be decontaminated by washing, brushing or peeling. Always dispose of contaminated wash water.

ESSENTIAL SURVIVAL ITEMS

You should acquire and maintain these minimum emergency items:

- Battery-operated radio and spare batteries.
- Flashlight and spare batteries.
- Two-week supply of food and water (replace food and water periodically).
- First-aid kit.
- Eating utensils, can and bottle opener.
- Cots, bunks or sleeping bags, and blankets.
- Paper towels, toilet paper, and soap.
- Containers with tight covers for sanitary disposal of garbage and human wastes.
- Home use radiation meter, when available.
- Household tools, including a shovel, pick, ax, saw, crowbar, and fire extinguisher.
- Adequate change of clothing.

These items should be stored in or near your shelter area. Take as much as you can with you, if you evacuate. Give preference to water, canned food, blankets, first-aid items, and the shovel.

HOW TO USE THE MAPS

Determine whether you live or work in the Evacuation Zone by examining the diagram on page 13 and Map II.

If you live or work in the Evacuation Zone, study the maps to . . .

Trace the most convenient evacuation route for you.

Learn the reception area designated for people in your part of the zone.

Note the difference between DAYTIME and NIGHTTIME evacuation routes, indicated by arrows on the maps. Directional street signs will mark the routes.

EVACUATION ROUTES

The EVACUATION ZONE is shown on page 13 and on map II.

The ZONE is divided into three sections. The different evacuation routes for each section are shown on Map I.

Note that in the District of Columbia the sectional boundaries are different for DAY and NIGHT.

RECEPTION AREAS

Evacuation routes to reception counties and Day and Night traffic patterns for the central part of the District of Columbia are shown on Maps I and II.

Reception areas are selected counties in Maryland, Virginia, and West Virginia. (See p. 15.)

A maximum effort will be made in these areas to give evacuees food, shelter, clothing, medical attention, and other necessities. It is recognized, however, that these essential items will be scarce—so YOU SHOULD TAKE SURVIVAL ITEMS WITH YOU.

PREPARATION FOR EVACUATION

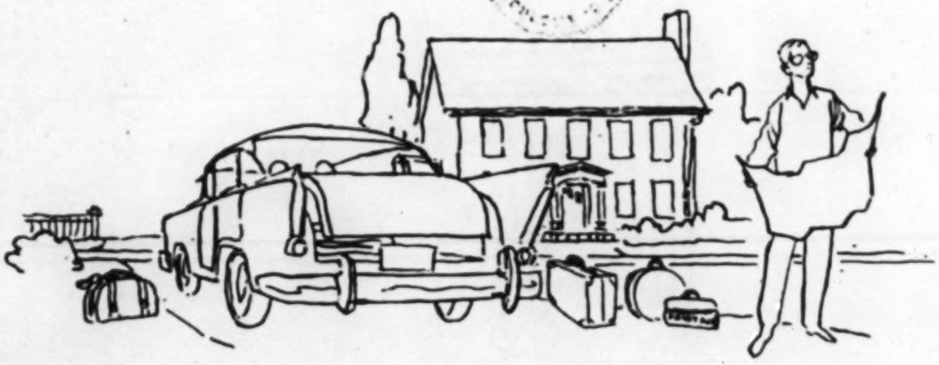
Familiarize yourself with the evacuation routes.

Always keep your automobile gas tank at least half full.

Keep a supply of food, water, and other essential survival items available to load in your car.

Ride-sharing will be necessary in an evacuation. Motorists are urged to give rides.

Trains will help in the evacuation of people who do not have cars. Railroad loading points are marked with red stars on Map I.



DIRECTION OF EVACUATION

THE DIAGRAM on the opposite page shows where to go.

- Traffic will be NORTHWEST from—

The northern part of the District of Columbia.

The portion of Prince Georges County lying west of the Baltimore-Washington Parkway.

The southern section of Montgomery County.

This traffic will move to northern Montgomery County and sections of Virginia and West Virginia by way of Harpers Ferry and Point of Rocks bridges.

- Traffic will be SOUTHEAST from—

The southeastern section of the District of Columbia.

The portion of Prince Georges County lying east of the Baltimore-Washington Parkway, and extending to the lower Potomac River.

This traffic will move to Charles, St. Marys, and Calvert Counties in Maryland and to portions of Virginia, by way of the South Potomac Bridge (U.S. 301).

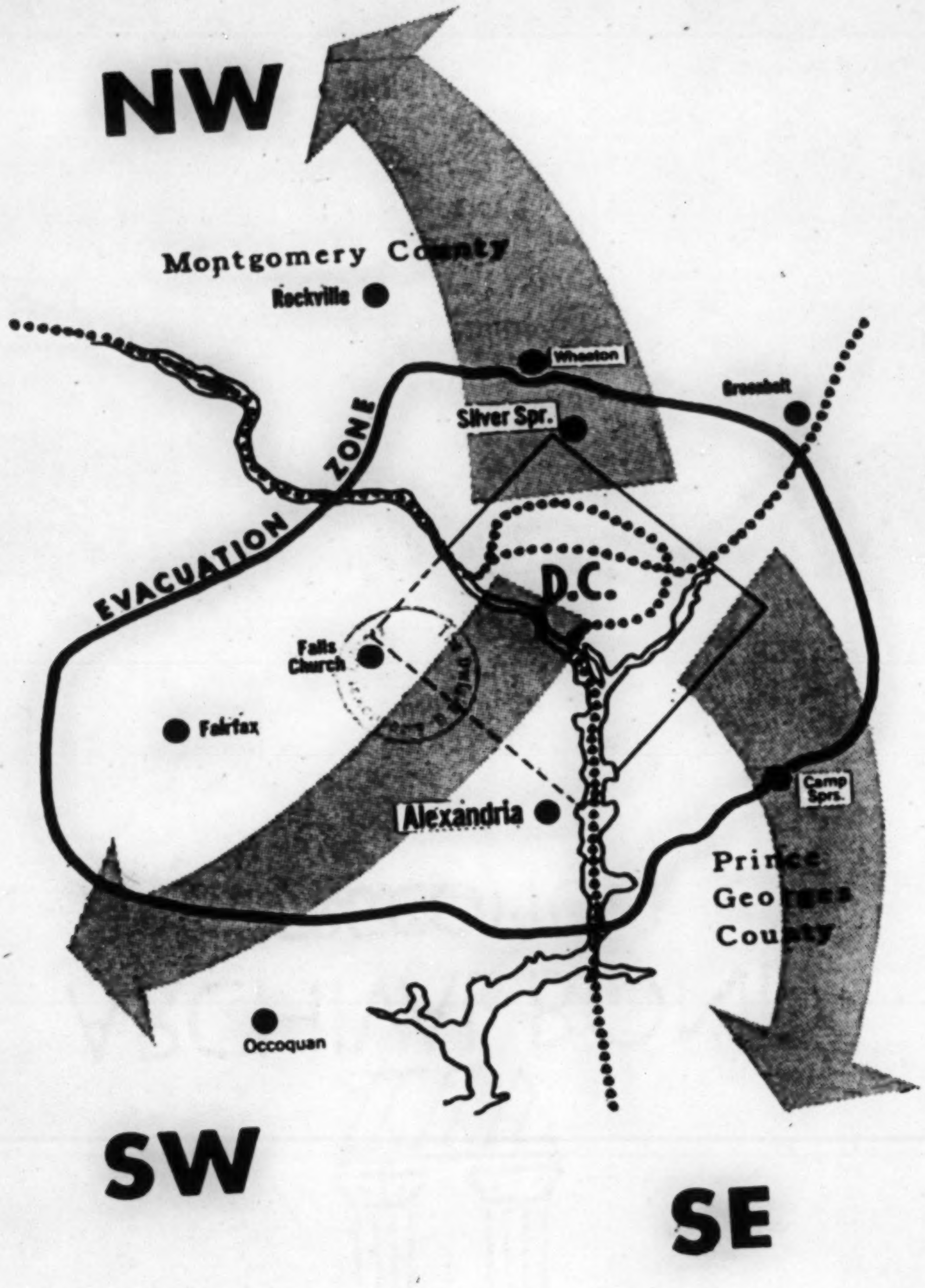
- Traffic will be SOUTHWEST from—

The southwestern section of the District of Columbia.

Sections of Virginia.

This traffic will move to reception counties in Virginia and West Virginia.

EVACUATION TRAFFIC


NW
Montgomery County
Rockville
Wheaton
Greenbelt
Silver Spr.
EVACUATION ZONE
D.C.
Falls Church
Fairfax
Alexandria
Camp Sprs.
Prince Georges County
Occoquan
SW
SE

EVACUATION RULES

DRIVERS should follow designated routes, staying in a lane, and helping others.

Conserve gasoline. Do not idle the motor of your vehicle for long periods.

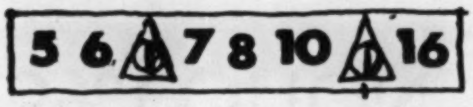
Permit vehicles to pull in from side streets.

As long as your vehicle can move under its own power, do not stop to inspect minor damage.

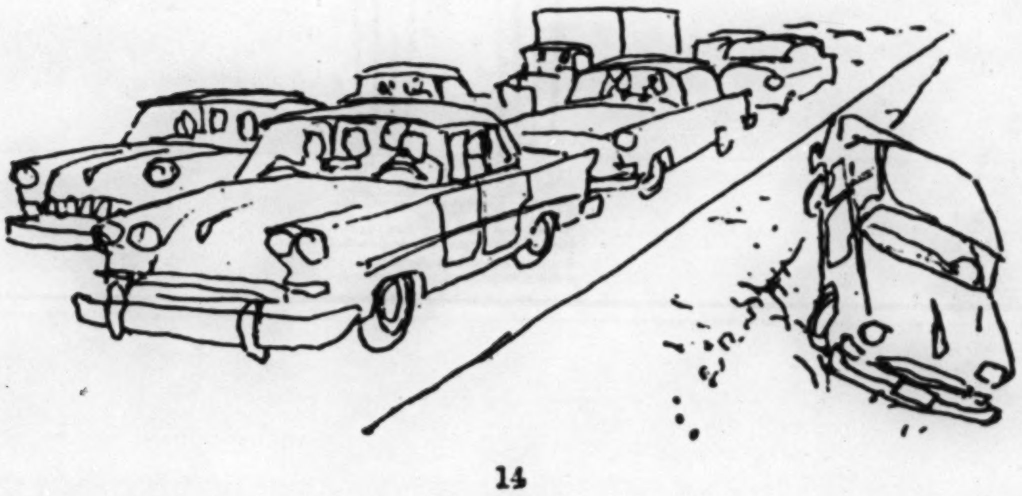
Stalled cars must be moved off roads and road shoulders.

Parking will not be permitted along evacuation routes, except at designated places.

Keep your car radio tuned to 640 or 1240 kc.



When the TAKE COVER signal sounds, pull your car off the road quickly. Leave keys in the vehicle. Take such essential survival items as you can carry. Go to shelter immediately in the nearest building. Carry your portable radio with you.



RECEPTION AREAS

Maryland and Virginia State and local police augmented by civil defense personnel will regulate traffic. They will allot evacuees to reception counties according to estimated resources available. Below is a listing by States of reception counties (and, in Virginia, independent cities):

MARYLAND

- CALVERT
- CHARLES
- MONTGOMERY
- PRINCE GEORGES
- ST. MARYS

VIRGINIA

- ALBEMARLE
- AMHERST
- AUGUSTA
- BATH
- BEDFORD
- BUENA VISTA
- CHARLOTTESVILLE
- CLARKE
- CULPEPER
- FAUQUIER
- FREDERICK
- FREDERICKSBURG
- GREENE
- HARRISONBURG
- HIGHLAND
- KING GEORGE
- LOUDOUN
- MADISON
- NELSON
- ORANGE
- PAGE
- PRINCE WILLIAM
- RAPPAHANNOCK
- ROCKBRIDGE
- ROCKINGHAM
- SHENANDOAH
- SPOTSYLVANIA
- STAFFORD
- STAUNTON
- WARREN
- WAYNESBORO
- WINCHESTER

WEST VIRGINIA

- FAYETTE
- GREENBRIER
- MONROE
- NICHOLAS
- SUMMERS

LOCAL CIVIL DEFENSE OFFICES

Address	*Telephone*
DISTRICT OF COLUMBIA	
OFFICE OF CIVIL DEFENSE, 4820 Howard St. NW. Washington 16, D.C.	EMerson 2-9710
MARYLAND	
CALVERT COUNTY OFFICE OF CIVIL DEFENSE, Prince Frederick, Md.	Prince Frederick 58
CHARLES COUNTY OFFICE OF CIVIL DEFENSE, Court House, LaPlata, Md.	WEst 4-8141
MONTGOMERY COUNTY OFFICE OF CIVIL DEFENSE County Office Bldg., Rockville, Md.	POplar 2-2142
PRINCE GEORGES COUNTY OFFICE OF CIVIL DEFENSE, Armory, Greenbelt, Md.	TOwer 9-6602
ST. MARYS COUNTY OFFICE OF CIVIL DEFENSE, County Building, Leonardtown, Md.	GReenwood 5-2031
VIRGINIA	
ALEXANDRIA OFFICE OF CIVIL DEFENSE, City Hall, Alexandria, Va.	KIng 9-7700 Ext. 80
ARLINGTON COUNTY OFFICE OF CIVIL DEFENSE, Court House, Arlington, Va.	JAckson 7-4800 Ext. 300
FAIRFAX COUNTY OFFICE OF CIVIL DEFENSE, County Court House, Fairfax, Va.	CRescent 3-1540
FALLS CHURCH OFFICE OF CIVIL DEFENSE, City Hall, Falls Church, Va.	JEfferson 2-0800

U. S. GOVERNMENT PRINTING OFFICE : 1959

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CA - 59 - 141

November 10, 1959

The White House

Washington

THE CABINET

Agenda

10:00 A.M., Wednesday, November 11, 1959

1.	Report from NATO	(Oral)	The United States Permanent Representative to the North Atlantic Treaty Organization
2.	Review of the Economic Situation	(Oral)	The Chairman, Council of Economic Advisers
3.	Current Problems in Steel	(Oral)	The Secretary of Labor
4.	Coordination of International Educational and Cultural Activities	(Oral)	The Secretary of State The Special Assistant to the Secretary for the Coordination of International Educational and Cultural Relations
5.	Plans for the National Cultural Center	CI-59-63	The Chairman, Board of Trustees, National Cultural Center The Architect Adviser, National Cultural Center

Robert Gray
Secretary to the Cabinet

CABINET PAPER
For Action

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LWC 3-17-77

MINUTES OF CABINET MEETING

November 11, 1959

10:10 a.m. -- 11:30 a.m.

The following were present:

President Eisenhower

Vice President Nixon

Sec. Herter
Sec. Anderson
Sec. McElroy
AG Rogers
PMG Summerfield
Sec. Seaton
Sec. Benson
Sec. Mitchell
Sec. Mueller
Sec. Flemming

Mr. Ed. F. Stone, National Cultural Center (in part)
  Mr. Harry Turko (in part)
  Mr. Jarold Kieffer (in part)
  Mr. L. Corrin Strong (in part)
Mr. Robert H. Thayer, State
Mr. Abbott Washburn, USIA (in part)
Mr. L. Quincy Mumford, Lib. of Congress
Mr. Randolph Burgess, NATO
Mr. Thomas Gates, Defense
Dr. Alan Waterman, NSF (in part)
Mr. Robert W. Dowling, Advisory Cmte. on the Arts (in part)

Mr. John Patterson for Gov. Hoegh, OCDM
Mr. Allen Dulles, CIA (in part)
Dr. Saulnier, CEA
Mr. John McCone, AEC
Mr. Stans, BoB

Mr. Morgan
Gen. Goodpaster
Mr. Gordon Gray
Mr. Robert Gray
Mr. Kendall
Dr. Kistiakowsky
Mrs. Wheaton
Dr. Paarlberg
Mr. Merriam
Mr. Siciliano
Mr. Patterson
Mr. Minnich

(The President did not join the meeting until after the first item -- which was being repeated in part from NSC.)

NATO - Mr. Randolph Burgess stated that despite newspaper reports we are doing well with our NATO relationships, and that really it is a miracle that 15 nations have held together in alliance for 10 years. He noted that despite party labels of the various governments in power, all 15 nations have relatively conservative governments. He stated that the United States could take much pride in the accomplishment over these years, resulting in large measure from the Marshall Plan, our other aid arrangements and the devoted work of American personnel.

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By DHC Date 3-17-77

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Mr. Burgess stated that the military development had been slower than desired but that the target of 30 divisions is now close and would be accomplished were it not for French problems in Algeria.

Mr. Burgess talked at length about the close consultation effected by the various nations on matters of concern to others in NATO, a process in which we have given much good example. He then discussed the arrangements for consultation before and after the December Four-Power meeting, designed to maintain the role of the small powers in NATO instead of having things monopolized by the large powers.

Mr. Burgess noted that Mr. Spaak would be in the United States for a visit and he hoped that it would be possible to arrange for him to meet a number of the Cabinet members.

Mr. Herter underscored Mr. Burgess' remarks by pointing to the fact that all of the NATO nations in effect helped to guarantee the freedom of West Berlin since they have all agreed that an attack on West Berlin would be an attack on NATO. Naturally, he said, they were much concerned with Berlin developments.

(The President joined the meeting at this point.)

Economic Situation - Dr. Saulnier made a rather lengthy presentation on the economic outlook, emphasizing first the difficulty of making estimates when the outcome of the steel dispute remains in doubt. He repeated Mr. Stans' comment of the preceeding meeting that the strike would probably reduce tax receipts by as much as $1 billion this year. He regarded the economy as being quite strong, as evidenced in the statistics covering new orders, construction, inventories, etc. He thought that perhaps we are reaching a turning point with regard to the export-import problem, though it is too soon to say that we are yet improving the situation. Dr. Saulnier thought the outlook for 1960 to be particularly good, continuing into 1961. He discounted predictions by some that a downturn would occur in 1961, for the picture is too far distant and unclear to provide any worthwhile estimates.

Dr. Saulnier then emphasized three things that must be watched carefully because they could easily become very troublesome:

1. A potential surge in consumer buying could cause many demands for somehow liberalizing credit terms or expanding the money supply to provide relief from high interest rates.

2. The ratio of costs to prices to profits can be difficult because wage increases are outrunning productivity gains, a development inconsistent with maintaining a stable price level. Should this bite into profit margins it would reduce the availability of retained earnings for expansion purposes and thus have an impact on the strength of the economy.

3. A price level rise is most likely because of existing upward pressures.

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E.O. 11652, Section 1
By DHC NLE, Date 8-12-76

Dr. Saulnier summarized all this to mean that there should be no relaxation of the anti-inflationary effort in every aspect of the fiscal operations of the government, that wage raises seem to be going up perhaps twice as fast as they should in terms of productivity, and that all possible effort should be devoted to improving efficiency of production, thus providing the increased productivity which could support further wage increases.

Sec. Anderson limited his comment to repeating that American producers seem to have lost interest in packaging their products for the foreign market, primarily because they now look toward the establishment of overseas plants. Hence, he expected that the recent removal by European countries of restrictions on dollar imports would have less effect than many anticipate. Sec. Anderson also noted that the agitation bound to come for increasing the money supply would in reality be agitation for debasing the currency. The President commented that this might be the basis for developing a more appealing expression than the phrase "sound dollar" which many people seem to dismiss as being of importance only to bankers.

Sec. Mitchell noted that the employment figures just released show the highest level of employment for any October, but that the 3.3 million unemployment was unduly high as a result of the steel and other strikes. He underscored Dr. Saulnier's remarks about the uncertainties that exist in a great number of industries because of the lack of settlement of the steel strike.

Steel Strike - Sec. Mitchell noted how settlements of the labor dispute in aluminum, copper, etc., all await a steel settlement. He believed that management and labor were not far separated in regard to the amount of money to be put in the settlement; rather, the difficult problems remain in terms of the "costing" of benefits and the provisions pertaining to work habits. Sec. Mitchell thought that it was extremely important to get the earliest possible settlement of the steel strike, even prior to the 60-day point in the Taft-Hartley process. He thought that anything that could be done to impress this on either party would be a real service to the Nation.

Sec. Mueller took note of pressures developing for obtaining priorities in the delivery of steel so long as it remains in short supply. He said that his Department had under consideration a statement that would emphasize the need for the steel industry to exercise good judgment in making deliveries of steel so that such thingsas pertain to the health of the Nation would be covered. He cited the need, for instance, for providing steel for the canning industry so that food would not spoil.

The President expressed some of his doubts about the wisdom of invoking the Taft-Hartley Act, since there would have been merit, had not the National security and welfare been involved, in letting the natural pressures of the situation work on both parties to the dispute in such a way that a settlement would be forced. Mr. Rogers subsequently commented that the Taft-Hartley law seems deficient because nation-wide interest inevitably would bring pressures that would compel any President

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Cabinet Meeting, November 11, 1959 - page 4

to invoke the Taft-Hartley Act as a sole means of action, and both management and labor know this well. He felt the law ought to provide a choice of perhaps three or four different actions that would give flexibility to the President and would put the contending parties in doubt as to what the President might do.

Sec. Benson inquired what would be the effect of a 33¢ settlement on inflation. Dr. Saulnier commented that the Kaiser settlement would cause a 4% increase in employment costs, something well above what is consistent with a stable economy. He thought it would be almost inevitable that a 33¢ settlement would have an inflationary effect over a period of 2 or 3 years.

National Cultural Center - Dr. Flemming introduced Mr. Edward F. Stone, the architect for the National Cultural Center. Mr. Stone presented a series of charts and sketches giving a very attractive picture of the magnificent structure to be built on the edge of the Potomac just North of the new Constitution Avenue bridge. In response to questions from the President and various Cabinet members, he pointed out that it would take about 2 years to complete detailed plans and perhaps another 2 years for construction, that there would be full kitchen facilities to serve the expected banquet hall useage of one particular area, that there has been no major theater built in the United States since Radio City in the early 1930s, and especially that the architectural concept was a blend of traditional and modern. Mr. Dowling noted how individuals from the performing arts had been consulted in an advisory capacity and are very enthusiastic about the project. Former Ambassador Corrin Strong, who heads the fund raising effort, stated that this would be a tremendous task, that it was now just getting organized, and that it would be well underway next year.

* * * * *

The item on coordination of international educational and cultural activities was postponed to the next meeting because of the lateness of the hour.)

L. A. Minnich, Jr.

Copy to:
Mrs. Whitman (2)
Mr. Gray
Mr. Minnich

~~CONFIDENTIAL~~

RA - 59 - 141

November 14, 1959

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet meeting of Wednesday, November 11, 1959:

1. Report From NATO

ACTION: The Cabinet noted with approval Ambassador Burgess' reminder of the importance of having selected members of the Cabinet see and talk with NATO Secretary-General Spaak during his visit here next week.

2. Review of the Economic Situation

ACTION: The Cabinet noted Chairman Saulnier's report, including

a) the three problem-areas he identified as needing special watching:

i) the danger in the near future of too heavy a surge of consumer buying based on credit;

ii) the danger that employment costs, outrunning productivity, may again so narrow profit margins that capital investment spending and hence prosperity might be curtailed;

iii) the precarious outlook for the price level.

b) the conclusions he drew:

i) it is imperative that government continue with full vigor its anti-inflation program in the financial sphere, i.e. with respect to the budget, debt management, and credit policy;

ii) employment costs in the United States are currently rising nearly twice as fast as productivity, and thereby putting continuous pressure on costs and prices;

iii) every measure possible should be taken to improve productivity to make possible more rapid gains in real wages and to help ensure price stability.

3. Current Problems in Steel

ACTION: a) The Cabinet noted the importance which Secretary Mitchell attributed to an early settlement of the steel strike;

b) The Cabinet noted the Attorney General's observation that statutory changes should be sought to give the President more alternative courses of action to choose from than he now has under the Taft-Hartley Act.

4. Coordination of International Educational and Cultural Activities

ACTION: Deferred until the next meeting.

5. Plans for the National Cultural Center (CI-59-63)

ACTION: Noting

a) the impressive visual presentation by Mr. Edward Stone;

b) the enthusiastic endorsement by Chairman Robert Dowling on behalf of the entire Advisory Committee on the Arts and

c) the earnest program for a nation-wide, non-governmental financing campaign to raise the needed funds,

the President affirmed his full support for the plans for the National Cultural Center.

Robert Gray
Secretary to the Cabinet

Approved by the President
November 14, 1959

November 10, 1959

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Wednesday, November 11

1. Report From NATO (Ambassador Burgess)

When you were in Paris in December of 1957, you informed the NATO Council that Ambassador Burgess, when he is in Washington, attends all NSC and Cabinet meetings. Ambassador Burgess is in town, and Secretary Herter has asked that he give the Cabinet a 10-minute talk on problems and developments in NATO.

2. Review of the Economic Situation (Chairman Saulnier)

It has now been twenty weeks since the last general economic review by Dr. Saulnier. These weeks interim have been most significant ones to the economy, both from the standpoint of new car sales and steel production. Saulnier's presentation would tie in with

3. Current Problems in Steel (Secretary Mitchell)

Secretary Mitchell confirmed Sunday in a television interview that you will make recommendations to Congress if the steel strike should resume in January.

As a background for these recommendations, Secretary Mitchell will speak on the current steel situation, and suggest the kinds of action and statements by Cabinet officers which will be most useful.

4. Coordination of International Educational and Cultural Activities (Secretary Herter and Mr. Robert H. Thayer)

More and more departments are becoming involved in the conduct of international cultural operations; at least 15 separate agencies, including the AEC, the Department of Commerce, the Department of Health, Education, and Welfare, as well as ICA, State, and USIA, are all heavily involved in international cultural programs.

Secretary Herter has recently appointed Mr. Robert H. Thayer as his Special Assistant for Cultural Affairs in his Department, and charged with the coordination of interdepartmental cultural activities. Mr. Thayer has prepared a visual-oral presentation which will enable Cabinet members better to understand and to support this necessary inter-agency coordination.

Library The Dwight D.

5. Plans for the National Cultural Center (Secretary Flemming)

Within a few days, the Board of Trustees of the Washington Cultural Center (Secretary Flemming is Chairman) will begin the nation-wide fund-raising drive for the Center. In order that you and the Cabinet may be completely informed as to what this Center is and how it will function, Secretary Flemming will make this presentation with the aid of Mr. Edward Stone, the architect (who designed the American pavilion at the Brussels Fair, our new Embassy at New Delhi, etc.)

Robert Gray
Secretary to the Cabinet

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CI - 59-63

November 9, 1959

The White House
Washington

THE CABINET

The National Cultural Center

For information of the members of the Cabinet, attached is a paper prepared by the Secretary of Health, Education and Welfare in his capacity as Chairman of the Board of Trustees of the National Cultural Center.

The National Cultural Center was created by Public Law 85-874. This paper describes the origin and background of the Center and sketches the framework of its organization.

The attached paper is circulated in conjunction with the presentation scheduled for the coming Cabinet meeting.

Robert Gray
Secretary to the Cabinet

CABINET PAPER
For Information

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CI - 59-63

November 9, 1959

THE CABINET

The National Cultural Center

Background

For years it has been the dream of many persons associated with the Nation's Capital, as well as public-spirited citizens throughout the United States, to create in the Nation's Capital a monumental center for the performing arts equal in importance and magnitude to Washington's enduring historical and governmental shrines. On September 2, 1958, the President approved Public Law 85-874 which created the National Cultural Center.

Purpose

Public Law 85-874 contemplates that the National Cultural Center shall be a place for the presentation of

(1) Classical and contemporary music, opera, drama, dance, and poetry from the United States and from other countries;

(2) Lectures and other programs;

(3) Programs for children and youth and the elderly, as well as other age groups, in such arts designed specifically for their participation, education, and recreation.

Organizational Structure

The Act establishes the National Cultural Center as a Bureau of the Smithsonian Institution. It would operate in many respects like the National Gallery of Art, that is with its own board of trustees as a policy-making body.

The National Cultural Center Act provides for a Board of Trustees of thirty members, fifteen of whom are governmental officials serving ex officio from the Federal Government and the District of Columbia. The remaining fifteen Trustees are citizens chosen from private life. All of the Trustees are chosen by the President. The fifteen members from private life serve for overlapping ten-year terms of office. The President designated Secretary Arthur S. Flemming and former Ambassador L. Corrin Strong as Chairman and Vice Chairman, respectively, of the Board of Trustees. (A roster of the Trustees is attached.)

The Board of Trustees is responsible for building and operating the National Cultural Center.

The National Cultural Center Act also provides for an Advisory Committee on the Arts. The members of this Committee are appointed by the President and serve at his pleasure.

CABINET PAPER

For Information

The function of the Advisory Committee is to advise and consult with the Board of Trustees and make recommendations regarding existing and prospective cultural activities to be carried on in the National Cultural Center.

The President chose Robert W. Dowling of New York City as Chairman of the Advisory Committee. (A roster of the Advisory Committee members is attached.)

Method of Financing

The National Cultural Center Act authorizes the Board of Trustees, with the assistance of the Advisory Committee on the Arts, to solicit and accept funds for the construction and operation of the National Cultural Center. All funds for the Center would be raised from private gifts and donations. Congress, however, provided approximately nine acres of land adjacent to the Potomac River just north of Constitution Avenue as the site for the National Cultural Center. The prospective cost of the proposed Center has not been determined as yet, but estimates range from fifty to sixty million dollars.

Fund-Raising Effort

Presently, it is contemplated that the major fund-raising effort for the National Cultural Center will be started in late 1959 and early 1960, and will proceed continuously thereafter. The National Cultural Center Act provides that the Board of Trustees must raise sufficient funds to accomplish the purposes of the Act by September 2, 1963, after which time the Act ceases to be effective.

National and International Significance

It is the objective of the Board of Trustees and the Advisory Committee on the Arts to create a beautiful structure which will serve both as a major national performing arts center and as an institution which will be a symbol of the highest cultural interests, achievements, and aspirations of the American people. It is the opinion of the Trustees and the Advisory Committee that such a symbol would be of incalculable value in interpreting America to foreign countries, as well as being an object of pride on the part of all Americans interested in improving the level of cultural activities in the United States.

NATIONAL CULTURAL CENTER

Officers

Arthur S. Flemming, Chairman
L. Corrin Strong, Executive Vice Chairman
Robert W. Dowling, Chairman, Advisory Committee on the Arts
Daniel W. Bell, Treasurer
Ralph E. Becker, General Counsel
Jarold A. Kieffer, Secretary
Paul J. Seltzer, Assistant Treasurer
Mrs. J. C. Cantrell, Jr., Assistant Secretary

Board of Trustees

Floyd D. Akers of Washington, D. C.
Winthrop W. Aldrich of New York, N. Y.
Ralph E. Becker of Washington, D. C.
Daniel W. Bell of Washington, D. C.
Andrew Berding, Assistant Secretary of State for Public Affairs
John Nicholas Brown of Providence, Rhode Island
Ralph J. Bunche of New York, N. Y.
Leonard Carmichael, Secretary of Smithsonian Institution
Joseph S. Clark, U. S. Senator (Pennsylvania)
Lawrence G. Derthick, Commissioner of U. S. Office of Education
John J. Emery of Cincinnati, Ohio
David E. Finley, Chairman of Commission of Fine Arts
Arthur S. Flemming, Secretary of Health, Education, and Welfare
J. W. Fulbright, U. S. Senator (Arkansas)
Mrs. George A. Garrett of Washington, D. C.
Henry Gichner, Chairman, District of Columbia Recreation Board
Henry C. Hofheimer II of Norfolk, Virginia
Carroll D. Kearns, U. S. Representative (Pennsylvania)
Robert E. McLaughlin, President, Board of Commissioners, District of Columbia
L. Quincy Mumford, Librarian of Congress
Frank H. Ricketson, Jr. of Denver, Colorado
Leverett Saltonstall, U. S. Senator (Massachusetts)
Mrs. Jouett Shouse of Washington, D. C.
L. Corrin Strong of Washington, D. C.
Philip M. Talbott of Washington, D. C.
Frank J. Thompson, U. S. Representative (New Jersey)
Conrad L. Wirth, Director of National Park Service
Robert L. Wood of Midland, Texas
Jim Wright, U. S. Representative (Texas)

Advisory Committee on the Arts

Reginald Allen of New York, N. Y.
Marian Anderson of Danbury, Connecticut
Colonel Earl Henry Blaik of New York, N. Y.
John Brownlee of New York, N. Y.
Paul Callaway of Washington, D. C.
Katherine Cornell of Palisades, New York
Paul Cunningham of New York, N. Y.
Donald Kirk David of New York, N. Y.
Mrs. James H. Douglas, Jr. of Washington, D. C.
Robert W. Dowling of New York, N. Y.
Richard Eberhart of Hanover, New Hampshire
Reverend Edward L. R. Elson of Washington, D. C.
Karl D. Ernst of San Francisco, California
Richard E. Fuller of Seattle, Washington
Reverend Norman Gerstenfeld of Washington D. C.
Martha Graham of New York, N. Y.
Richard J. Gray of Springfield, Maryland
H. Hamilton Hackney of Finksburg, Maryland
Daniel A. Harris of Oberlin, Ohio
Reverend Gilbert V. Hartke of Washington, D. C.
Helen Hayes of Nyack, New York
Garfield Kass of Washington, D. C.
John B. Kelly of Philadelphia, Pennsylvania
Herman D. Kenin of New York, N. Y.
Warner Lawson of Washington, D. C.
Stuart F. Louchheim of Bethayres, Pennsylvania
Mrs. Herbert A. May of Washington, D. C.
Howard Mitchell of Washington, D. C.
Robert Montgomery of New York, N. Y.
Earl V. Moore of Ann Arbor, Michigan
George L. Murphy of Beverly Hills, California
Joseph Prendergast of New York, N. Y.
Richard Rodgers of Southport, Connecticut
Very Reverend Francis B. Sayre, Jr. of Washington, D. C.
David S. Smith of Washington, D. C.
Fred M. Waring of Shawnee-on-Delaware

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CA - 59-142

November 25, 1959

The White House

Washington

THE CABINET

Agenda

8:30 A. M., Friday, November 27, 1959

1.	Discussion of FY 1961 Budget and Programs	(Oral)	The President
2.	Coordination of International Educational and Cultural Activities	CP - 59-102	The Secretary of State The Special Assistant to the Secretary for the Coordination of International Educational and Cultural Relations
3.	Plan for a Federal Civil Agencies Communication System	CP - 59-91/2	The Director, Office of Civil and Defense Mobilization

Robert Gray
Secretary to the Cabinet

CABINET PAPER
For Action

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E.O. 11652, [illegible]
by SHC [illegible] 4-28-77

MINUTES OF CABINET MEETING

November 27, 1959

8:30 a.m. -- 9:50 a.m.

The following were present:

President Eisenhower

Vice President Nixon

Mr. C. Doughas Dillon
for Sec. Herter
Sec. Anderson
Sec. McElroy
AG Rogers
PMG Summerfield
Mr. Elmer F. Bennett
for Sec. Seaton
Mr. Ray
for Sec. Mueller
Sec. Benson
Sec. Mitchell
Sec. Flemming

Amb. Lodge
Gov. Hoegh, OCDM
Mr. Stans, BoB

Dr. Saulnier, CEA
Mr. Thomas S. Gates, Defense
Mr. Franklin Floete, GSA
Mr. Abbott Washburn, USIA (in part)
Mr. Robert Thayer, State (in part)

Mr. L. Q. Mumford, Lib. Congress
Mr. Carmichael, Smithsonian Inst.
Mr. Ivan Nelson, State
Mr. William Ticknor, State
Mr. William LaRue, OCDM

Gen. Persons
Gen. Goodpaster
Maj. Eisenhower
Mr. Morgan
Mr. Kendall
Mr. Gordon Gray
Mr. Harr
Mr. Siciliano
Dr. Paarlberg
Mr. Anderson
Mr. McPhee
Mr. Robert Gray
Mr. Patterson
Mr. Minnich

Educational and Cultural Activities (CP 59-102) - Mr. Dillon took note of the growing interest in recent years for establishing greater co-ordination among government agencies' activity in this field and also between government and the many existing private activities. He recalled that Sec. Dulles last January had appointed Mr. Robert H. Thayer as a Special Assistant in an effort to develop better co-ordination.

Mr. Thayer, presenting a number of charts, pointed out among other things that 15 government agencies are involved in these activities, as well as thousands of private organizations, that there has been no central clearing house for information, that the Commerce Department

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By SHC NLE Date 4-25-77

alone receives about 1000 foreigners for training every year at the Bureau of Standards, that in Thailand, for instance, there are activities sponsored by 12 government agencies and 93 private organizations, etc., etc.

Mr. Thayer explained the work of his office as providing direction of these efforts within the Department of State, furnishing guidance and a means of co-ordination among government agencies and maintaining liaison and cooperation with private groups.

Mr. Thayer then spelled out the different kinds of activity involved, emphasizing the exchange visits of performing arts groups, trade fair activity, exchanges of individuals both academic and otherwise, and circulation of periodicals and other printed material. He outlined some of the specific programs carried on directly by the U.S. government. He noted also that the United States underwrites 34% (nearly $12 million) of the costs of UNESCO activity. He reviewed briefly our activities in some of the countries the President would visit on his forthcoming tour.

Mr. Thayer then stated the three major tasks ahead: (1) to marshal the facts of present programs and requirements and distribute them; (2) to establish a mechanism which would provide an information center and also a means of exchanging ideas; (3) to develop answers to some basic questions and problems related to these activities.

He indicated that a comprehensive survey is already underway and reports are forthcoming from time to time and are available to anyone interested. He is encouraging initiation of a private survey of private activities, but in the meantime the Department of State has itself made stopgap studies. He referred to the monthly meetings of government agencies having an interest, and also his plan for bimonthly forums with private groups. In addition to these regular activities, he said, there is often need for an emergency effort on a particular problem such as arranging recently for the admission of students from the United Arab Republic, after their government decided to withdraw them from their studies in Russia. He stressed the importance of flexibility in use of P.L. 480 funds, which had made possible this UAR arrangement.

Mr. Thayer listed some 8 major problems being discussed with representatives of American Universities. They include: (1) what are the desirable objectives of exchange programs, (2) what should be the role of American Universities, (3) what limit should there be of U.S. involvement in the educational systems of other countries, (4) how should our efforts be related to the British and French systems of education already established in some countries, (5) what should be the relationship between technical exchanges and cultural exchanges, (6) how can relations be improved between the government and American Universities, (7) how can public understanding of these

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programs be improved and, (8) what is the best way to deal with special problems such as foreign language teaching, etc.

Mr. Thayer concluded by noting the effectiveness of our program in Thailand as evidenced by a communist report on it, and also the fact that 60% of the German Bundestag have visited the United States under the exchange program, as have 25% of the Bundesrat. The President inquired whether our Ambassador in each country co-ordinates these varied activities. He recalled the difficulties in 1953 when it became necessary to emphasize the basic responsibility of our Ambassadors for all U.S. programs in any given country. Mr. Thayer assured the President that each Embassy has a co-ordinating group working under the control of the Ambassador. The President asked if the Department looks to the Ambassador for guidance prior to approving particular projects. Mr. Thayer responded affirmatively.

The President recalled the comment of one Ambassador who had complained about the great growth of personnel in his Embassy, stemming from the increased representation of agencies other than State Department. Mr. Thayer doubted that cultural programs had given rise to any significant part of such an increase; rather, the new effort at coordination should help to reduce personnel overseas. Mr. Dillon confirmed that the concept of the Ambassador as being the final authority for any country program is well understood, that it does need to be reinforced periodically, and that an appropriate reinforcing effort was made just recently. As for personnel, he said there is a continuous process of adding or substracting, under Departmental approval, as efforts are concentrated in specific fields such as the current desire to increase our exports. Sec. Benson noted how impressed he had been with the quality of our overseas missions and he suggested that all of the Ambassadors be invited to report any undesirable personnel situations to State Department for review in Washington. Subsequently in the discussion, the President told Mr. Dillon he would like the Department to ask each Ambassador whether he has too many people in his Embassy.

Mr. Lodge congratulated Mr. Thayer on this work and inquired as to how we compare with the Soviets in bringing foreign leaders to our respective capitals. Mr. Thayer said Russian statistics were not available for a comparison but that they certainly did a great deal of it. Mr. Lodge hoped that the information in this presentation could be given much publicity since many people feel the United States is not doing sufficient, yet they do not realize all this is being done. Mr. Washburn, speaking for Mr. Allen, asserted that in view of the great communist activity in this field we ought be doing even ten times as much as at present.

Mr. Stans noted that the recommendations in the Cabinet paper would require a few word changes which could be worked out with State Department. Mr. Dillon concurred, pointing out that the present language could erroneously imply that the President would be issuing a new Executive Order in behalf of a new program, also that the final

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By DHC NLE, Date 4-29-77

paragraph would need reshaping depending upon the outcome of discussion between State and Budget on the bookkeeping for the P.L. 480 funds.

Unified Communications System - Gov. Hoegh recalled the previous Cabinet directive to develop a unified system for Federal civilian agencies communications and he described the proposal now developed. He pointed out specifically the advantages of the proposed plan over the multitude of existing separate systems. He stated that the anticipated extra costs would be about $2 million per year, plus an initial $550,000 installation charge. Mr. Hoegh noted that this would accomplish what was a major recommendation in the GAO report just issued. He stated that should the proposal be approved and undertaken, it would require 2-1/2 years to complete installation.

The President expressed his longstanding desire for such a unified system. He ascertained that the additional costs would be distributed over the several agencies involved.

The President inquired whether all of the affected agencies had had full opportunity to comment. Gov. Hoegh replied affirmatively but pointed out that Justice had some reservations because of a fear that the FBI operations might suffer unless given priority in the system, also that Agriculture believed the additional costs on it would be more than the estimated 4%. Mr. Summerfield requested additional time to review the proposal. Gov. Hoegh pointed out that Post Office people had concurred fully. The Postmaster desired time for a personal review.

Gov. Hoegh pointed out that the Weather Bureau and 4 or 5 other agencies have operations that are not compatible with the proposed system, hence would not be included in it.

Mr. Stans stressed that the cost estimates are necessarily rough. He suggested that GSA should make a more precise cost study before the change is begun. Gov. Hoegh said that the figure of $2 million represented the best judgment of AT&T experts.

The President repeated his liking for the proposal. Gov. Hoegh said that he would check out with the Postmaster General and Attorney General the points of concern to them.

1961 Budget - The President spoke at length on this subject. He said he wanted to be completely sure that he had made very clear to all of the Cabinet, in connection with the budget estimates they were developing, that the real problem facing Western civilization was whether free government can continue to exist when faced by the threat of a dictatorship with a growing economy. This, he said, must always be kept in mind; government problems cannot be considered individually in a vacuum, they are all part of a whole. The problem is intensified, he felt, because the Russians along with their growing economy have succeeded in establishing high morale among their people through their

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atheistic focus on high material output and an incentive system based not just on money but in terms of material things. Despite the current nice talk of Soviet leaders, there can be no question but that the dictatorship is widening its efforts to effect revolution in or otherwise get control of uncommitted countries. This has to be met, the President said, by keeping our economy healthy, otherwise we can do nothing effective either at home or in the foreign field. Being the world's banker, the United States must insure that its money does not go sour.

The President felt that the outlook would not be too pessimistic if the Cabinet could give even stronger leadership to the Nation in getting the government in a sound financial position where it could pay off some of the huge national debt. If this executive group would pursue its efforts sufficiently long, it could succeed in weakening even the pressure groups that would always spend more. He felt it important for the Administration to strengthen the currency by getting out of every unnecessary expenditure at this time and by avoiding attempts to do everything all at once and much too rapidly; certainly all evils could not just be cured immediately merely by spending lots of money -- that would be an entirely wrong philosophy.

The President noted assertions that the United States has reached the limit of profitable taxation, and therefore of expenditure, as witness the increasing costs of enforcing the tax system in the face of an implicit tax rebellion that takes the form of slickness in evading or avoiding taxes. Only in a true war emergency, he felt, could the government demand and get without great difficulty a larger tax take, even though in 1941-45 there were gray and black markets.

Spartan simplicity, the President said, is what the United States must adopt. Nevertheless, he was not advocating that the country stop on a hill and roll backwards; at the same time, there was no necessity for attempting to do things in one-third of the time that would be the proper amount on an economic basis. He stressed the importance of establishing confidence that the government could pay its bills and that the debt -- which, like agricultural surpluses, looms over everything as a big dark cloud -- could be reduced. He noted the omnious reports of investment bankers advising clients to buy foreign industrial securities rather than our own.

The President believed it impossible and in any event undesirable at this time to attempt to get any law whereby the Attorney General or Commerce or Labor or others could exercise control over the economy in its present situation. He repeated that the important thing to do was to get our own expenditures down and to set the example for the Nation. He repeated his feeling that the government is trying to give too many services too fast, and he cited the Post Office effort to speed up mail delivery perhaps beyond anything really necessary.

The President remarked on the great interest that the Vice President must have, should he succeed to the President's chair, in taking this

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battle line and fighting it out, otherwise he would as President be the unhappiest man in the United States. Should the government not get on a pay-as-you-go basis, it would be a terrible situation from which there would be no recourse except to desert liberty. Even under Federal control of the economy, he warned, there could be nothing but more and more Administrative centralization since authority could not be entrusted to any legislative body dominated by pressure groups.

The President urged the Cabinet again to keep telling this story over and over as the means of getting public awareness of the highly critical problem and eventually successful solution of it. It should be a fight to the death without regard to the clamor of the political opposition. Even should there be a fabulous increase in tax receipts from the growing economy, then they must be dedicated to paying off the debt -- remembering always frugality and economy within the limits of efficiency. The President concluded that he would feel defeated -- and he didn't ever like to be defeated -- if he had to send to the Congress for 1961 an unbalanced budget or one showing an upward trend of expenditures.

President's Mid-East Trip - The President commented briefly to the Cabinet about his objective in making this trip, which was essentially to stress everywhere the need for continuing strong adherance by all of us in the free world to spiritual values, meaning essentially support for the dignity of man and his search for a better life without falling subject to communist political domination. He felt that if non-communist countries do not hold together and do not strengthen their common support of these values, then our problem becomes immeasurably difficult.

LAM
L. A. Minnich, Jr.

Copy to:
✓Mrs. Whitman (2)
Mr. Gray
Mr. Minnich

RA - 59-142 (Revised)

December 16, 1959

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet meeting Friday, November 27, 1959:

1. Discussion of FY 1961 Budget and Programs

Information Item Only.

2. Coordination of International Educational and Cultural Activities — CP - 59-102

ACTION:

a) Cabinet Paper 59-102 was approved, subject to revisions in the language of the first and third paragraphs, to be worked out by the Under Secretary of State and the Director of the Bureau of the Budget.

b) The President stressed the need for the U.S. Chief of Mission in each country to exercise affirmative responsibility for the coordination and supervision of United States activities in the country to which he is accredited.

c) The President asked the Acting Secretary of State to instruct each U.S. Chief of Mission to report periodically to the Secretary his views on the numbers of U.S. government personnel, civil and military, assigned in the country to which he is accredited, and especially his judgment as to whether any of these are excessive.

d) In view of the favorable comments by several Cabinet members, and the conviction of Ambassador Lodge that the American people are not well informed about the extent of the U.S. cultural effort, the Department of State will give the cultural program due publicity as soon as the implementation of CP - 59-102 is sufficiently underway.

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ACTION:

a) Cabinet Paper 59-102 was approved, subject to revisions in the language of the first and third paragraphs, to be worked out by the Under Secretary of State and the Director of the Bureau of the Budget.

b) The President stressed the need for the U. S. Chief of Mission in each country to exercise full power of coordination and direction over all U. S. government programs being conducted in his country.

c) The President asked the Acting Secretary of State to instruct each U. S. Chief of Mission to report periodically to the Secretary his views on the numbers of U. S. government personnel, civil and military, assigned in the country to which he is accredited, and especially his judgment as to whether any of these are excessive.

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CABINET PAPER

For Action

3. Plan for A Federal Civil Agencies Communication System — CP - 59-91/2

ACTION: a) Cabinet Paper 59-91/2 was approved, subject to:

i) the understanding that the new system will be completely compatible with the present and future military systems;

ii) the working out with the Departments of Justice and Post Office of certain questions pertaining to security and priority of use;

iii) a precise study by the General Services Administration, before any contracts are let, of the costs of the new system, to ensure that the $2 million dollar figure is realistic as a measure of the increased cost.

b) In approving the Plan, the President emphasized his conviction that it was a long-needed development, was of great importance especially in an emergency situation, and would afford benefits justifying the projected small cost-increase.

ADDITIONAL ITEM:

A. The President's Forthcoming Trip

ACTION: a) The President emphasized that the underlying purpose of his trip is to reaffirm to other leaders of the free world the importance of unity

-- in supporting our common spiritual values,

-- in maintaining the dignity of man

-- in demonstrating the free man's right to make his own decisions

b) The President indicated that he plans to give the Cabinet a report on his trip when he returns.

Robert Gray
Secretary to the Cabinet

Approved by the President
December 16, 1959

Typed from Thermofax--7/21/77--mjr

PARAPHRASE OF REMARKS OF THE PRESIDENT ON FUTURE BUDGET AND PROGRAM AT THE CABINET MEETING OF NOVEMBER 27, 1959

I don't intend to talk about figures or estimates this morning. I just want to make clear to my own conscience that I have made clear to each of you the thing that worries me most about our survival as a free nation.

What is the true problem which faces western civilization? (This was a great subject of conversation between John Foster Dulles and me).

The question is: can free government, faced by the threat of this singly controlled, growing economy, continue to exist, in view of the demands which are made upon free governments and on their free economies?

This is the problem we should be thinking about every time we touch either legislative programs, budgetary programs, or anything else.

There is no single one of these problems which can be considered in a vacuum; they have got, all, to be considered together.

Not only is the USSR growing at a rapid rate; one of the reasons for this growth is that for the moment thay have successfully established a morale throughout their whole nation. This morale comes because of their atheistic type of philosophy; they have placed all indices of progress in the material field. They have every individual believing he is doing something tremendous for the State. Their rewards are material -- more apartment houses, more bathrooms -- this is their reward rather, even, than money.

This dictatorship is vastly widening its efforts to bring about, through "class war" or "the revolution" or otherwise their control over the non-committed peoples.

All along the line the Soviet leadership is talking more politely than before -- certainly since my time -- but there is no question about the efforts they are making in this field of world domination.

We have got to meet this by keeping our economy absolutely healthy. Without the health of our economy, nothing we can do in the long run, domestically or in the foreign field, can help. We are the world's banker. If our money goes pflooey, the whole thing collapses. Our vaunted high wages will turn into bread lines.

I do not think this picture is at all too pessimistic -- unless we as an executive group can afford even stronger leadership to our people in terms of improving our fiscal soundness and in getting our country and our government in a position where it can pay off some of its debts.

We cannot do this alone. But if we can be strong enough, in the long run, there will be a reaction which will defeat the pressure groups which make us spend too much money all at one time.

We can strengthen our leadership.

We can get out of every unnecessary activity.

Typed from Thermofax--7/21/77--mjr

We can refuse to do things too rapidly. Humanity has existed for a long time. Suddenly we seem to have a hysterical approach -- from health programs and welfare programs and grants to the states -- to everything: to where we are going to "cure it all" in two years, or five years -- by putting in a lot of money. To my mind, this is a wrong philosophy for this moment.

We are approaching the limits of taxation and spending. Right now the Secretary of the Treasury has to hire $25,000,000 worth of people to ensure that $400,000,000 of revenue doesn't slip through our hands.

There is not a tax rebellion in the sense of riots -- but people everywhere are looking to figure out ways they can get out of taxes. Ten thousand people cannot possibly avoid slippage when they have to read 40,000,000 returns.

This is a kind of tax dragging-your-feet.

It is what happens when we demand too much when not in an emergency.

In a war, or similarly tough situation, any President of the United States can go before the people and demand very great sacrifices. But even in the war which lasted from December 1941 to August 1945, we had grey and black markets which were anything but a glowing star in the American crown. It happened in World War I, also.

If we ourselves are going to think how we can make free government last -- how we are going to make free economy work -- we have got to talk about spartan simplicity in what we are trying to do. We must not spend just because the trend is there.

I do not mean that we are going to stop moving ahead. It's like the old automobile ploughing uphill through the mud: we are not calling for it to stop. I do mean that we are not going to try to make it to the hilltop in five minutes flat when the best time expected would be three-quarters of an hour.

I see no virtue whatsoever in saying "We ought to spend more money this year because the trend is going up." We must regain the confidence of the people of the world that this country will pay its own bills.

This debt, like our agricultural program, is hanging like a dark cloud over the future. It makes people question us; people of the world are uneasy about it.

Several investment bankers whom I know are telling people to buy foreign securities -- British steel, some in Germany, some in a third country. This means that we are financing other kinds of things to compete with ourselves.

As of this moment, I do not believe that the Attorney General, the Commerce Department, the Labor Department or anyone could even draw up a law which we could wupport with any chance of passage, which could control a severe wage-price spiral in our economy.

What we are trying to avoid is getting into that position. Therefore, we must keep our expenses down, and we must put our emphasis on productivity. We must set an example to labor and management as they settle their problems.

In this country, we are trying to give too many services, too much, too fast.

We keep temporizing with Congress. "Because Congress is calling for this or that...", we say, as a justification for ourselves doing something immoderate. We must not compromise $600 million proposals for $200 million proposals and feel that we have accomplished something, when we did not believe in the proposals in the first place.

This fight must be waged endlessly. We have to wage it now and wage it intelligently. All of us must take at least the possibilities I have suggested-- and I have not even begun to mention them all.

If we do not pay as we go, we will be in a grave position, and then we will have no recourse than to do what we desperately do not want to do: to desert liberty as we understand it.

If we should come to that -- the Federal Government taking controls into its hands -- it could not be into Congressional hands: that would be too much in the hands of pressure-groups. It would be the Executive Branch which would have to take it over -- and this would mean turning into a dictatorship.

I have only fourteen months more. But instead of trying to taper off and just give my attention to the campaign and how we will get along. I think that if this group here -- a group brought together with all the ability I have to select and appoint -- the finest brains and best people -- if we can get down on the mat with this problem and do something about it. . . This is the kind of "Budget Message" I want to send down. . .

If I have to show an un-balanced budget, if I have to show a trend of upward spending -- then I am defeated. And I don't like defeats -- haven't had to take too many in my life.

Even if we had some fabulous increase in rate of productivity and in revenue -- even if we did -- the best thing would be to pay off one-half of our national debt and get ourselves into a better position, rather than increase our pay-outs to people all over the country.

We must remember: frugality, economy, simplicity with efficiency. I cannot tell you how deeply I believe this.

The financial community tells me their feeling of foreboding -- others also-- everyone is telling me these things -- "Is there any way we can do anything?"...

We should be a united team in this group. I, in my way, or somebody else in a polished oration, telling these same things with the same emphasis: then we will get results, and what I want is results.

Typed from Thermofax--7/21/77--mjr

My little talk on the budget is not "Who has been able to find another few millions?" I think we must get right down and do what we have to do for this country and then go grapple with our opponents and fight it out, -- despite opposition and political pressures -- let's do what's right -- come what may.

I am about to leave on my trip and we will not have another meeting before I go. I would like to say the only chance for the free world to be unified is our common devotion to spiritual values. We must all work for the greater dignity of man. That is what this trip is about -- these are the goals that take me on it.

As recorded by Paarlberg

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Friday, November 27, 1959

(Concentration and paraphrasing of the President's comments in Cabinet meeting on the general subject of the 1961 budget and related matters)

I want to talk about the budget. I have no figures to give you. I want to talk in a general way.

The true problem that faces Western civilization is this: "Can free government, faced by the thrust of a singly-controlled economy, continue to exist? Can free government overcome the many demands made by special interests and the indulgence of selfish motives?"

The Soviet Union has made rapid progress. This is due to a great deal on their part for their form of government. They are atheistic! They have renounced faith in God and have embraced faith in the State. They have concentrated all their efforts in the material field. Their demands and desires are kept under control by the State. The level of living in the Soviet Union rises sufficiently so that the people can see that they are better off with passing time. The rise is kept at a sufficiently-moderate pace so that considerable resources are left for capital investment, armaments, and economic development in the uncommitted nations.

The Soviet Union is trying to get control of the thoughts and minds of the uncommitted people. They talk nicely but there is no question as to their purpose.

We have to meet this kind of competition. To do it, we have to keep the economy healthy. We are the banker for the world; we have responsibility there. If we should fail this responsibility, we would have betrayed an important trust.

We should not be too pessimistic about this outlook. We have strength.

A group of people like this in the Executive Branch have a tremendous responsibility. They have responsibility for bringing about fiscal soundness and keeping the economy healthy so that it can meet this very great challenge.

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As our economy grows and our revenues increase, we should pay off some of our debt. We should teach this and preach this and practice it. We should educate pressure groups.

We should try to keep our currency strong.

First, we should cut out unnecessary expenditures.

Second, we should not try to do things too rapidly. We should not try to move all at one time with a lot of money.

We may have reached the limit of practical taxation. Tax rebellion is beginning to assert itself. There are so many tax returns made out by so many people that taxpayers are beginning to get the idea that the Government cannot possibly police this entire operation. Therefore, they give themselves a break when they make out their tax forms. This is not deliberate evasion of taxes, but it can grow to such a point that the system itself is discredited. This happened with prohibition. This happens when too much is demanded all at one time.

How can the free economy be made to work? Spartan simplicity is needful. There should be no expansion of government spending simply because the trend is in that direction. Our growing debt hangs over us like a cloud. It is like the farm surplus which keeps ever growing and hangs over our farm markets.

Investors are telling their clients to buy foreign securities. It has been a long time since American citizens were getting that kind of counsel.

No laws seem to be in prospect that could control the wage-price spiral.

We in Government must be an example to labor and management.

We are trying to give too much service.

The Postmaster General wants to move mail in the least possible number of hours. It is not of major importance to move mail this rapidly. Letters come to my desk that I do not see for a matter of days, and this is no great handicap. In fact, it might be better if I didn't see some of them at all.

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Before long, I expect to surrender this chair. The fight has to be waged intelligently by whichever group succeeds this one. We shall have to pay as we go or we shall get into bad shape.

If Government spending grows, authority will become concentrated in the Executive Branch. This will be necessary because the Congress cannot possibly deal with the complexities that are inherent in big Government. Thus, heavy spending leads in the direction of authoritarian government.

I have only fourteen months left to serve in this office. I want to send up a tough, balanced budget. If the budget I send up should be unbalanced, or substantially raised, I would be defeated. I don't want to be defeated. I haven't often been defeated.

If there should be some fabulous increase in our economic growth, this should be used to pay off the national debt. The debt should be half its present size.

The watchwords should be "frugality, economy, efficiency."

We should be a unit in our thinking.

What I have said in my blundering way should be said in a great, powerful oration.

What I want is results.

The important thing is what is good for the country, never mind the opposition.

(By Don Paarlberg)

THE WHITE HOUSE
WASHINGTON

November 25, 1959

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Friday, November 27, 1959

1. Discussion of FY 1961 Budget and Programs (The President)

2. Coordination of International Educational and Cultural Activities (Acting Secretary Dillon and Mr. Robert H. Thayer)

More and more departments are becoming involved in the conduct of international cultural operations; at least 15 separate agencies, including the Atomic Energy Commission, the Department of Commerce, the Department of Health, Education, and Welfare, as well as ICA, State, and USIA, are all heavily involved in international cultural programs.

Secretary Herter has recently appointed Mr. Robert H. Thayer as his Special Assistant for Cultural Affairs in his Department and charged him with the coordination of interdepartmental cultural activities. Mr. Thayer has prepared a visual-oral presentation which will enable Cabinet members better to understand and to support this necessary inter-agency coordination. A large share of his remarks will be specifically pertinent to your forthcoming trip.

To supplement this presentation, an advance Cabinet Paper has been prepared which sets forth Secretary Herter's general recommendations.

3. Plan for a Unified Federal Civil Agencies Communication System (Governor Hoegh)

Last January you approved a statement of policy (in a Cabinet Paper) calling for the development of an integrated nation-wide communication system for the Federal civilian agencies. OCDM, working with the affected agencies, has now proposed a program which Governor Hoegh believes meets your objectives.

Bob
Robert Gray
Secretary to the Cabinet

PARAPHRASE OF REMARKS OF THE PRESIDENT ON FUTURE BUDGET AND PROGRAM
at the Cabinet Meeting of November 27, 1959

I don't intend to talk about figures or estimates this morning [illegible] to make clear to my own conscience that I have made clear to each of you the thing that [illegible] worries me most about our [illegible]

What is the true problem which faces western civilization? (This was a great subject of conversation between John Foster Dulles and me).

The question is: can free government, faced by the threat of this singly controlled, growing economy, continue to exist, in view of the demands which are made upon free governments and on their free economies?

This is the problem we should be thinking about every time we touch either legislative programs, budgetary programs, or anything else.

There is no single one of these problems which can be considered in a vacuum; they have got, all, to be considered together.

Not only is the USSR growing at a rapid rate, One of the reasons for this growth is that for the moment they have successfully established a morale throughout their whole nation. This morale comes because of their atheistic type of philosophy; they have placed all indices of progress in the material field. They have every individual believing he is doing something tremendous for the State. Their rewards are material -- more apartment houses, more bathrooms -- this is their reward rather ,even, than money.

This dictatorship is vastly widening its efforts to bring about, through "class war" or "the revolution" or otherwise their control over the non-committed peoples.

All along the line the Soviet leadership is talking more politely than before -- certainly since my time -- but there is no question about the efforts they are making in this field [of world domination].

We have got to meet this by keeping our economy absolutely healthy. Without the health of our economy, nothing we can do in the long run, domestically or in the foreign field, can help. We are the world's banker. If our money goes pflooey, the whole thing collapses. Our vaunted high wages will turn into bread lines.

I do not think this picture is (at all) too pessimistic-- unless we as an executive group can afford even stronger leadership to our people in terms of improving our fiscal soundness and in getting our country and our government in a position where it can pay off some of its debts.

We cannot do this alone. But if we can be strong enough, in the long run, there will be a reaction which will defeat the pressure groups which make us spend too much money all at one time.

We can strengthen our leadership.

We can get out of every unnecessary activity.

We can refuse to do things too rapidly. Humanity has existed for a long time. Suddenly we seem to have a hysterical approach - from health programs and welfare programs and grants to the states -- to everything; to where we are going to "cure it all" in two years, or five years -- by putting in a lot of money. To my mind, this is a wrong philosophy for this ~~time.~~ moment.

We are approaching the limit ~~have reached the proper level~~ of taxation and spending. Right now the Secretary of the Treasury has to hire $25,000,000 worth of people to ensure that $400,000,000 of revenue doesn't slip through our hands.

There is not a tax rebellion in the sense of riots -- but people everywhere are looking to figure out ways they can get out of taxes. 10,000 people cannot possibly avoid slippage when they have to read 40,000,000 returns.

This is a kind of tax dragging-your-feet. [The average American is very much trying to give himself the advantage of the tax dollar. It is like Prohibition - when people were avoiding the law (bootleggers, who now are operating very profitable businesses from the profits of their bootlegging).]

~~This~~ It is what happens when we demand too much when not in an emergency.

In a war, or similarly tough situation, any President of the United States can go before the people and demand very great sacrifices. But even in the war which lasted from December 1941 to August 1945, we had grey and black markets which were anything but a glowing star in the American crown. It happened in World War I, also.

If we ourselves are going to think how we can make free government last - how we are going to make free economy work - we have got to talk about spartan simplicity in what we are trying to do. [illegible]

I do not mean that we are going to stop moving ahead. It's like the old automobile ploughing uphill through the mud; we are not calling for it to stop. I do mean that we are not going to try to make it to the hilltop in 15 minutes flat, when the best time expected would be three-quarters of an hour.

I see no virtue whatsoever in saying "We ought to spend more money this year because the trend is going up." [To hell with that --] We must regain the confidence of the people of the world that this country will pay its own bills.

This debt, like our agricultural program, is hanging like a dark cloud over the future. It makes people question us; people of the world are uneasy about it.

Several investment bankers whom I know are telling people to buy foreign securities - British steel, some in Germany, some in a third country. This means that we are financing other kinds of things to compete with ourselves.

As of this moment, I do not believe that the Attorney General, the Commerce Department, the Labor Department (or anyone) could even draw up a law which we could support with any chance of passage, which could control ~~the~~ a severe wage-price spiral ~~of~~ in our economy.

What we are trying to avoid is getting into that position. Therefore, w we must keep our expenses down, and ~~XXX~~ we must put our emphasis on productivity. We must set an example to labor and management as they settle their problems.

In this country, we are trying to give too many services, too much, too fast.

The Postmaster General wants ~~a~~ letters or ~~a~~ packages to be delivered in hours -- in the very fastest time possible. This is not the purpose of the mails -- the purpose of the mails is to deliver mail surely, although perhaps not ~~so~~ speedily. (I even have trouble with mail in my own office....)

We keep temporizing with Congress. [To hell with this.] "Because Congress is calling for this or that..." we say, as a justification for ourselves doing something immoderate. We ~~XXXXXXXXXXXXXXX~~ must not compromise $600 million proposals for $200 million proposals and feel that we have accomplished something, when we did not believe in the proposals in the first place.

This fight must be waged endlessly. We have to wage it now and wage it intelligently. All of us must take at least the possibilities I have suggested -- and [my God] I have not even begun to mention them all.

If we do not pay as we go, we will be in a ~~Hell of a spot,~~ grave position, and then we will have no recourse than to do what we desperately do not want to do: to desert liberty as we understand it.

If we should come to that - the Federal Government taking controls into its hands - it could not be into Congressional hands: That would be too much in the hands of pressure-groups. It would be the Executive Branch which would have to take it over -- and this would mean turning into a dictatorship.

I have only fourteen months more. But instead of trying to taper off and just give my attention to the campaign and how we will get along, I think that (if) this group here -- a group brought together with all the ability I have to ~~XXXXXXX~~ select and appoint -- the finest brains and the best people -- if we can get down on the mat with this problem and do something about it... This is the kind of "Budget Message" I want to send down...

If ~~XX~~ I have to show an un-balanced budget, if I have to show a trend of upward spending -- then I am defeated. [illegible]

Even if we had some fabulous increase in rate of productivity [and in revenue] -- even if we did - the best thing would be to pay off one-half of our national debt and get ourselves into a better position, rather than increase our pay-outs to people all over the country.

We must remember: frugality, economy, simplicity ~~and~~ with efficiency. I cannot tell you how deeply I believe this.

The financial community tells me their feeling of foreboding - others also -- everyone is telling me these things -- "is there any way we can do anything..?"

We should be a united team in this group. I, in my [blundering] way, or somebody else in a polished oration, telling these same things ~~in~~ with the same ~~way~~ emphasis: then we will get results, and what I want is results.

My little talk on the budget is not "Who has been able to find another few millions?" I think we must get right down and do what we have to do for this country and then go ~~get right down and~~ grapple with our opponents and fight it out,-- despite opposition and to do what is right — [to hell with the] political pressures come what may.

[Anybody else moved to speak up in this little Quaker-meeting?]

I am about to leave on my trip and [illegible] this is our last meeting before I go. I would like to say, the only chance for the free world to be unified is our common devotion to spiritual values. We must all work for the greater dignity of man. That is what this trip is about — these are the goals that take me on it!

CABINET PAPER—PRIVILEGED
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CP - 59-102

November 24, 1959

The White House

Washington

THE CABINET

The Coordination of International Educational and Cultural Affairs -- Recommendations by the Secretary of State

For consideration by the Cabinet, attached are recommendations from the Secretary of State.

These recommendations will be presented at the conclusion of the visual-oral presentation on the above subject to be made at the coming Cabinet meeting by Mr. Robert H. Thayer, Special Assistant to the Secretary for the Coordination of International Educational and Cultural Relations.

Mr. Thayer will describe the situation with regard to the many activities of different agencies of the Executive Branch and of private organizations, institutions, and foundations in the field of international educational and cultural relations, and after giving examples of different types of activities in this field, including cultural programs in some of the countries to be visited by the President, Mr. Thayer will explain his current efforts to bring coordination to all of these programs, and his plans for the future.

Robert Gray
Secretary to the Cabinet

CABINET PAPER
For Consideration

CABINET PAPER—PRIVILEGED

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CP - 59-102

November 24, 1959

The White House

Washington

THE CABINET

The Coordination of International Educational and Cultural Affairs -- Recommendations by the Secretary of State

In view of the many activities being carried on in increasing volume by a substantial number of different agencies of the Executive Branch, the need for coordination is very apparent, and since these activities are being carried on abroad they have an important impact on the implementation of our foreign policy. It is recommended, therefore, that the President approve the assumption of coordinating responsibility by the Department of State, and approve the program of coordination which has been presented here.

It is also recommended that the President request the continued full cooperation of the Executive Branch in coordinating all of these international educational and cultural programs carried on in the Executive Branch. As will be apparent from this presentation, with proper attention and emphasis on planning and execution, these programs could be made more responsive to the national interest.

It is recommended that as much support as possible, within the comprehensive needs of the Government, be given to the use of foreign currencies by our cultural programs to the extent that they can be made available without requiring their purchase with our limited dollar appropriations.

CABINET PAPER

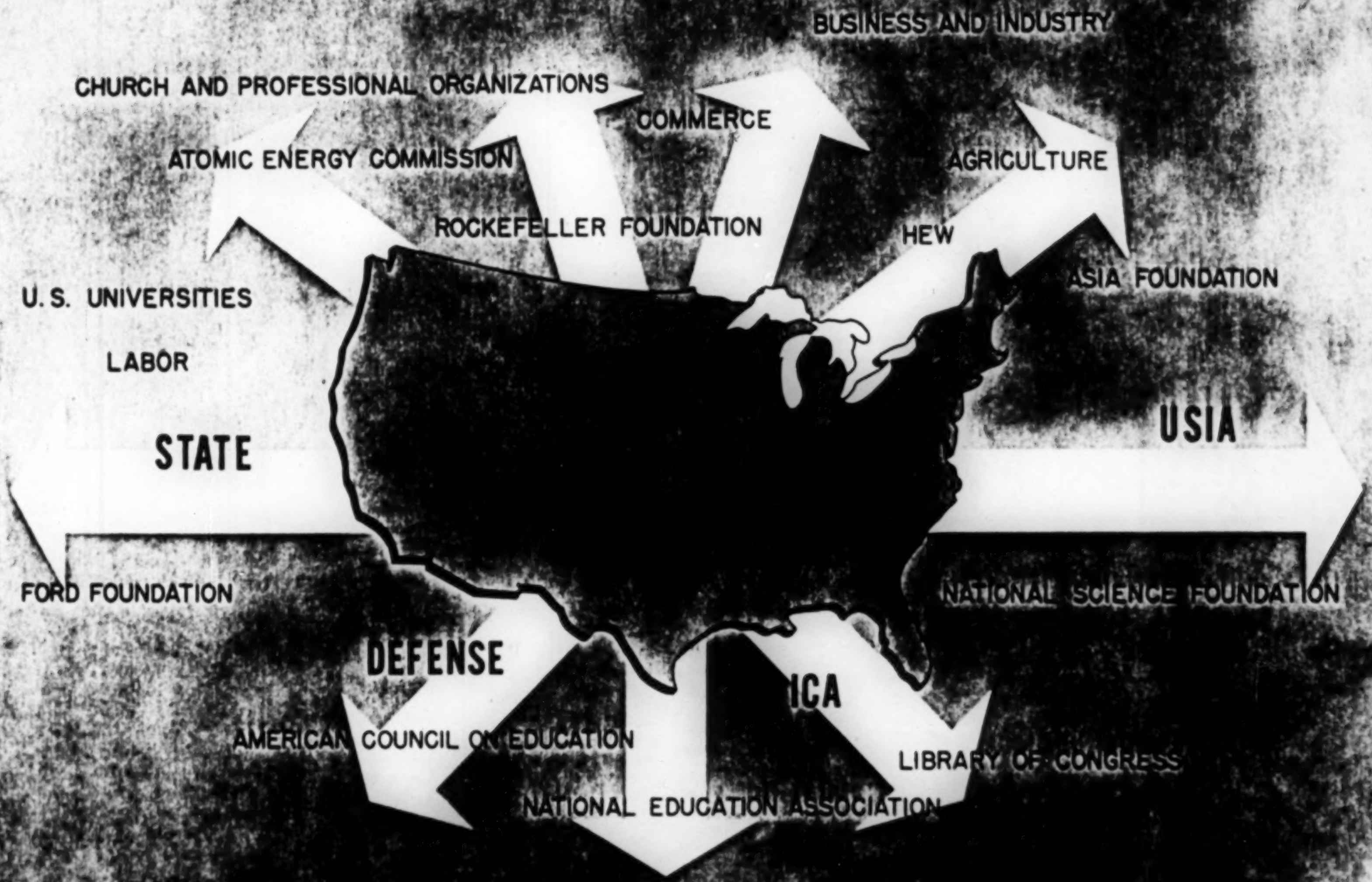
For Consideration

United States Cultural Relations

Library

BUREAU OF INTERNATIONAL CULTURAL RELATIONS
THE DEPARTMENT OF STATE

ORGANIZATIONS IN CULTURAL RELATIONS ABROAD



BUSINESS AND INDUSTRY

CHURCH AND PROFESSIONAL ORGANIZATIONS

COMMERCE

ATOMIC ENERGY COMMISSION

AGRICULTURE

ROCKEFELLER FOUNDATION

HEW

ASIA FOUNDATION

U. S. UNIVERSITIES

LABOR

STATE

USIA

FORD FOUNDATION

NATIONAL SCIENCE FOUNDATION

DEFENSE

ICA

AMERICAN COUNCIL ON EDUCATION

LIBRARY OF CONGRESS

NATIONAL EDUCATION ASSOCIATION

Department of [illegible]

Number US-1840-11-5T

Date 9/1/5T

THE MULTI

A

GOVERNMENT AGENCIES

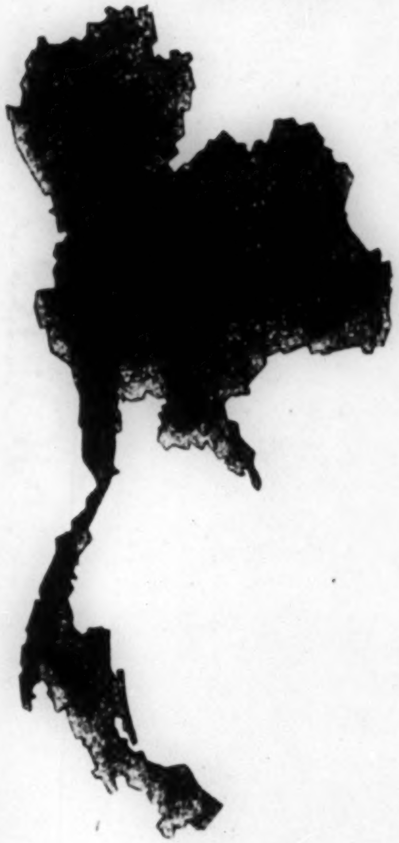
- DEPARTMENT OF STATE
- ICA
- USIA
- DEFENSE
- AGRICULTURE
- HEW
- COMMERCE
- INTERIOR
- AEC
- LIBRARY OF CONGRES
- SMITHSONIAN
- ARCHIVES

TOTAL

THE MULTITUDE OF U. S. EDUCATIONAL, TECHNICAL AND CULTURAL ORGANIZATIONS

EXAMPLE

THAILAND



GOVERNMENT AGENCIES

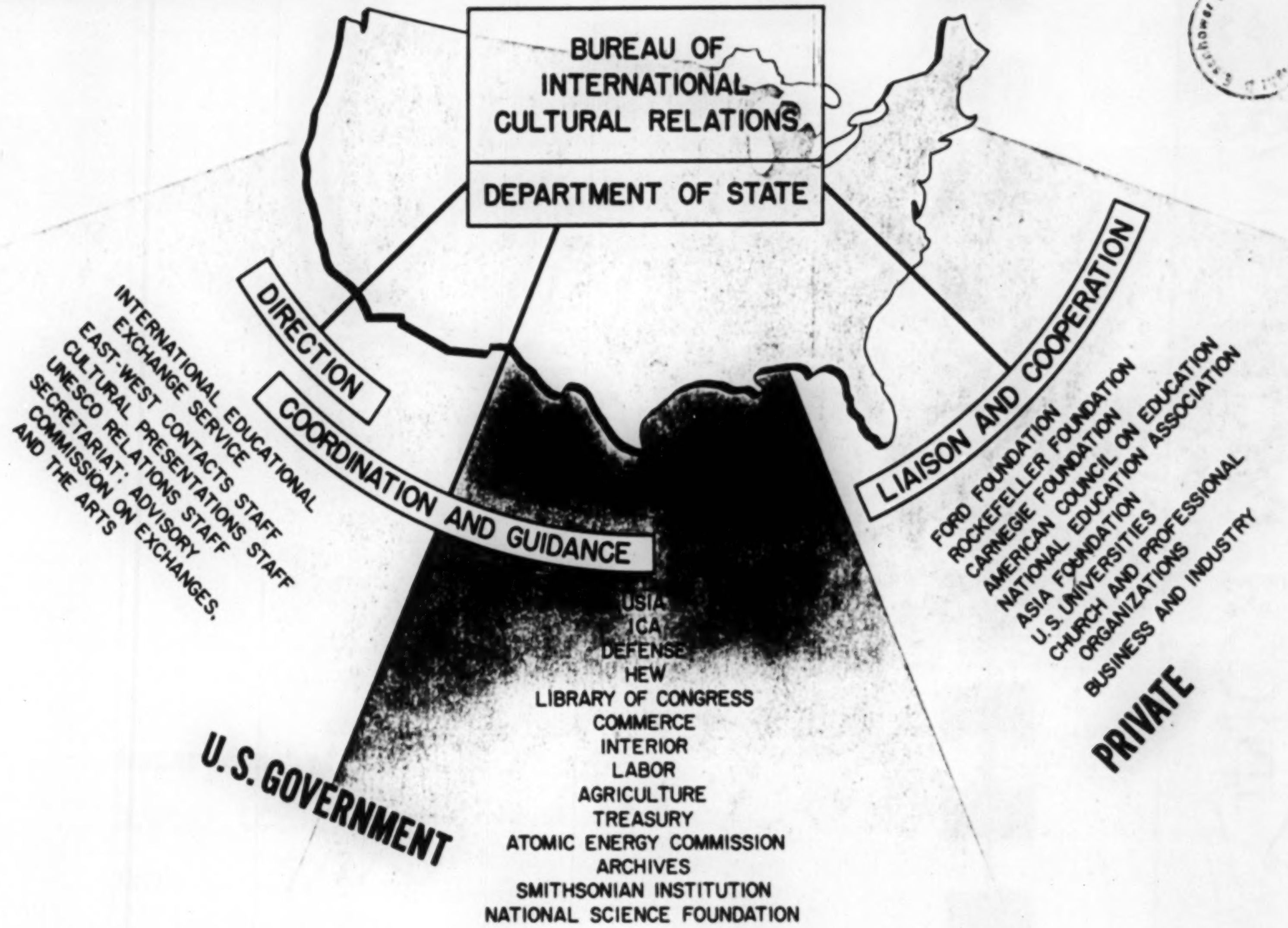
DEPARTMENT OF STATE
ICA
USIA
DEFENSE
AGRICULTURE
HEW
COMMERCE
INTERIOR
AEC
LIBRARY OF CONGRESS
SMITHSONIAN
ARCHIVES

TOTAL **12**

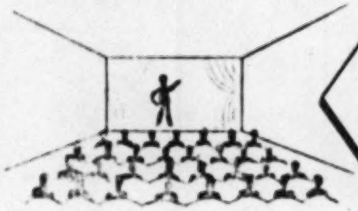
NON - GOVERNMENTAL ORGANIZATIONS

WELFARE AND RELIGIOUS	25
ECONOMIC DEVELOPMENT	7
FOUNDATIONS	6
SCIENTIFIC	3
CULTURAL	3
YOUTH AND STUDENT	3
EDUCATIONAL	2
UNIVERSITIES	2
	51
PROMOTING INTEREST IN THAILAND WITHIN U.S.	42
TOTAL	**93**

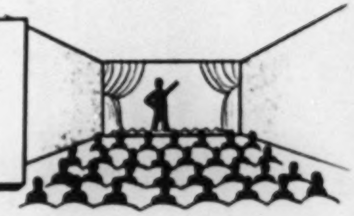
COORDINATION FOR U.S. CULTURAL RELATIONS ABROAD


BUREAU OF INTERNATIONAL CULTURAL RELATIONS
DEPARTMENT OF STATE
DIRECTION
INTERNATIONAL EDUCATIONAL EXCHANGE SERVICE
EAST-WEST CONTACTS STAFF
CULTURAL PRESENTATIONS STAFF
UNESCO RELATIONS STAFF
SECRETARIAT: ADVISORY COMMISSION ON EXCHANGES, AND THE ARTS
COORDINATION AND GUIDANCE
USIA
ICA
DEFENSE
HEW
LIBRARY OF CONGRESS
COMMERCE
INTERIOR
LABOR
AGRICULTURE
TREASURY
ATOMIC ENERGY COMMISSION
ARCHIVES
SMITHSONIAN INSTITUTION
NATIONAL SCIENCE FOUNDATION
U.S. GOVERNMENT
LIAISON AND COOPERATION
FORD FOUNDATION
ROCKEFELLER FOUNDATION
CARNEGIE FOUNDATION
AMERICAN COUNCIL ON EDUCATION
NATIONAL EDUCATION ASSOCIATION
ASIA FOUNDATION
U.S. UNIVERSITIES
CHURCH AND PROFESSIONAL ORGANIZATIONS
BUSINESS AND INDUSTRY
PRIVATE

CULTURAL RELATIONS TAKE VARIED FORMS

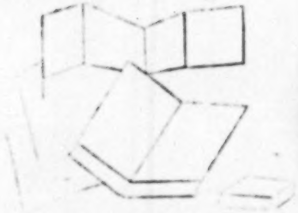


- PRESENTATION OF PERFORMING ARTISTS
- TRADE FAIRS



EXCHANGES OF INDIVIDUALS

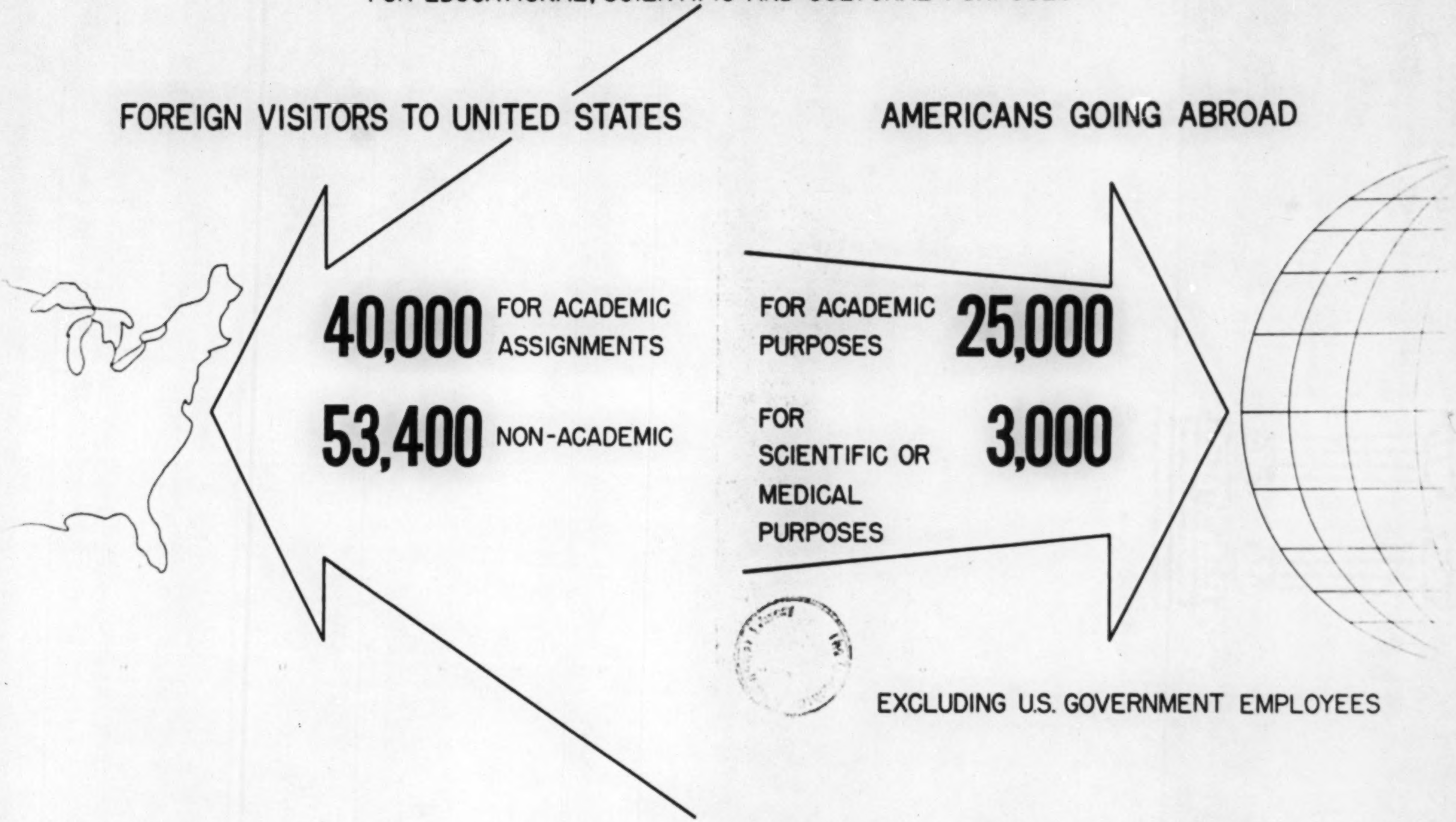
- LEADERS
- STUDENTS
- TEACHERS
- SPECIALISTS



- BOOKS, MATERIAL & LIBRARIES
- ENGLISH TEACHING
- BI-NATIONAL CENTERS
- ART EXHIBITIONS
- COOPERATION BETWEEN EDUCATIONAL INSTITUTIONS

EXCHANGE OF INDIVIDUALS FY-1958

FOR EDUCATIONAL, SCIENTIFIC AND CULTURAL PURPOSES



FOREIGN VISITORS TO UNITED STATES

40,000 FOR ACADEMIC ASSIGNMENTS

53,400 NON-ACADEMIC

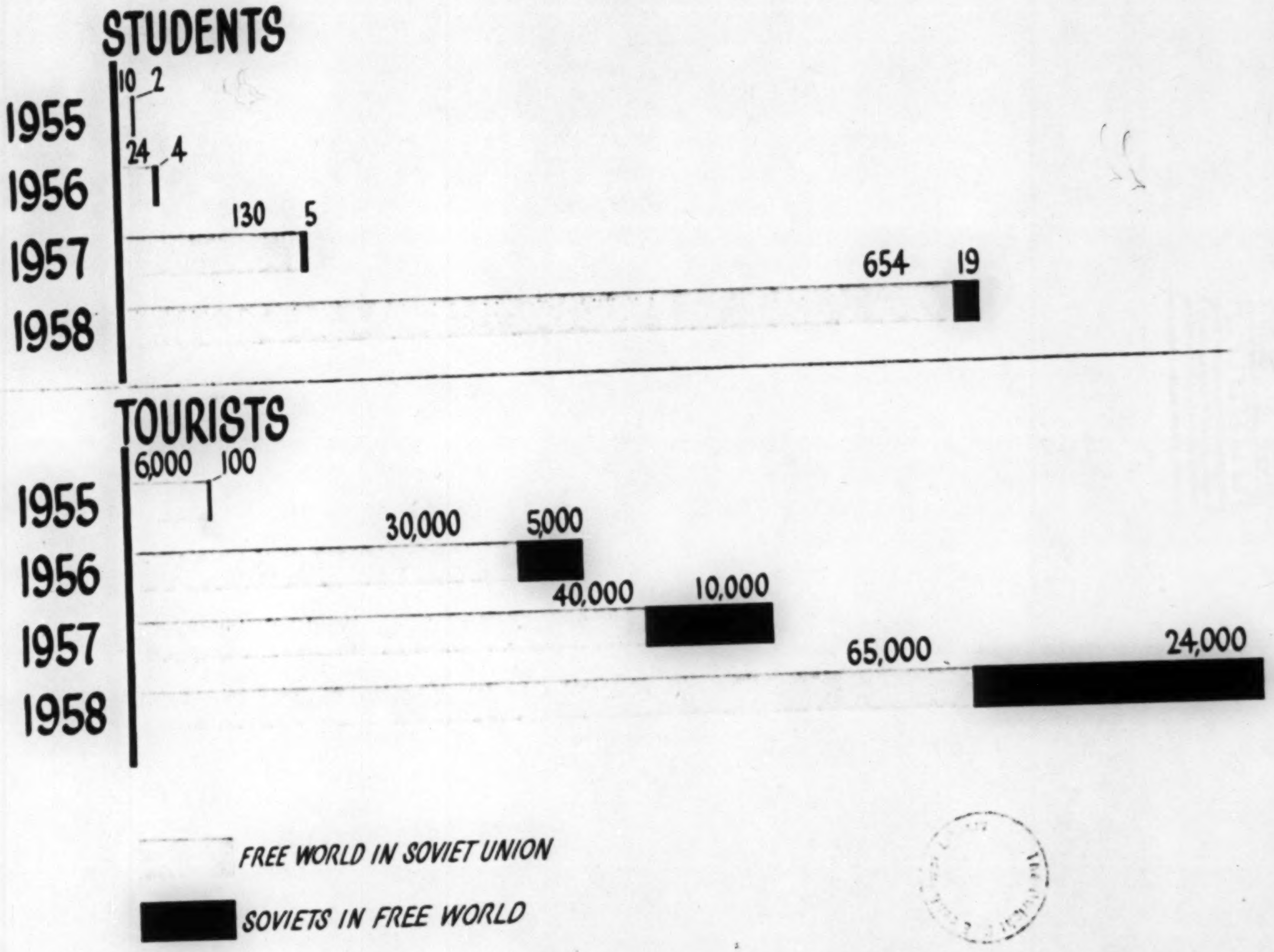
AMERICANS GOING ABROAD

FOR ACADEMIC PURPOSES **25,000**

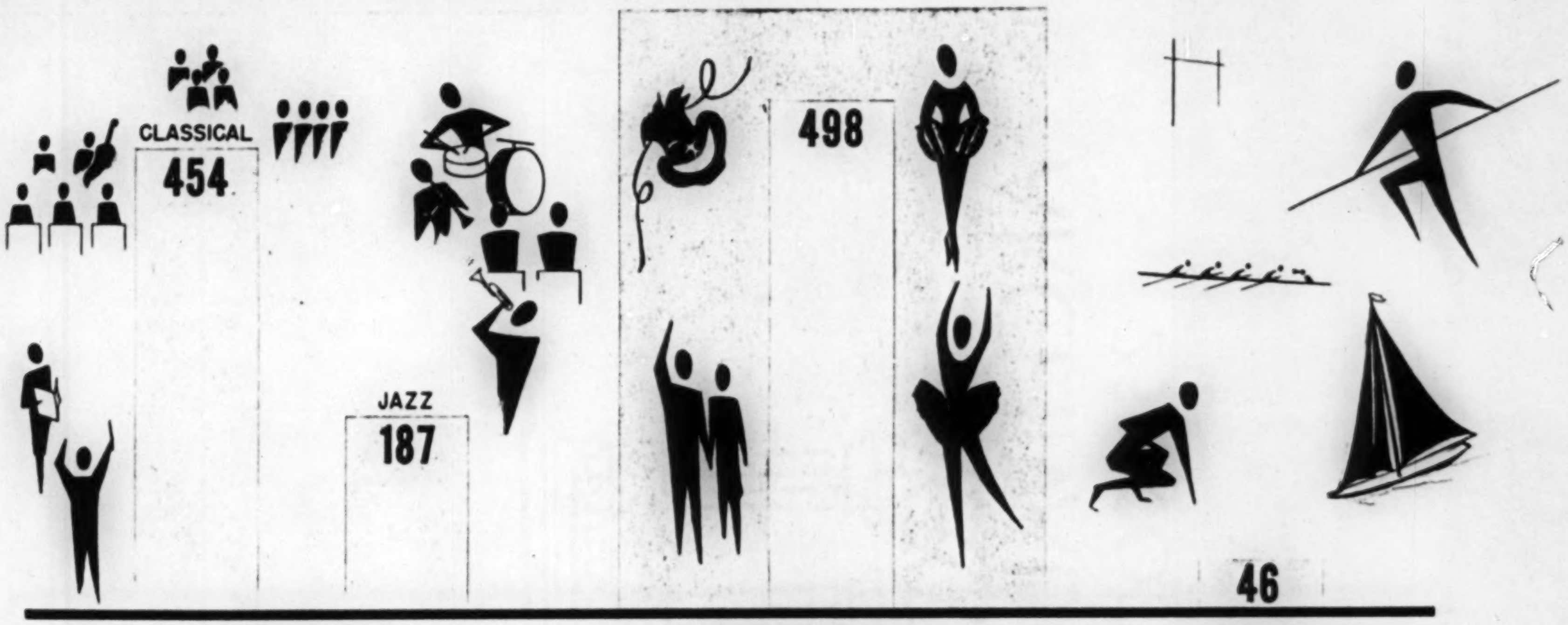
FOR SCIENTIFIC OR MEDICAL PURPOSES **3,000**

EXCLUDING U.S. GOVERNMENT EMPLOYEES

EXCHANGES BETWEEN USSR AND FREE WORLD



TYPES OF PERFORMANCES GIVEN ABROAD BY PRESIDENT'S FUND GROUPS FY 1959



CONCERTS

CLASSICAL
- GOLDEN GATE QUARTET
- JUILLIARD SCHOOL ORCHESTRA
- JUILLIARD STRING QUARTET
- NATIONAL SYMPHONY
- NEW YORK LITTLE ORCHESTRA
- PHILADELPHIA ORCHESTRA
- WESTMINSTER SINGERS
- BLANCHE THEBOM
- CAMILLA WILLIAMS

JAZZ
- WOODY HERMAN
- JACK TEAGARDEN

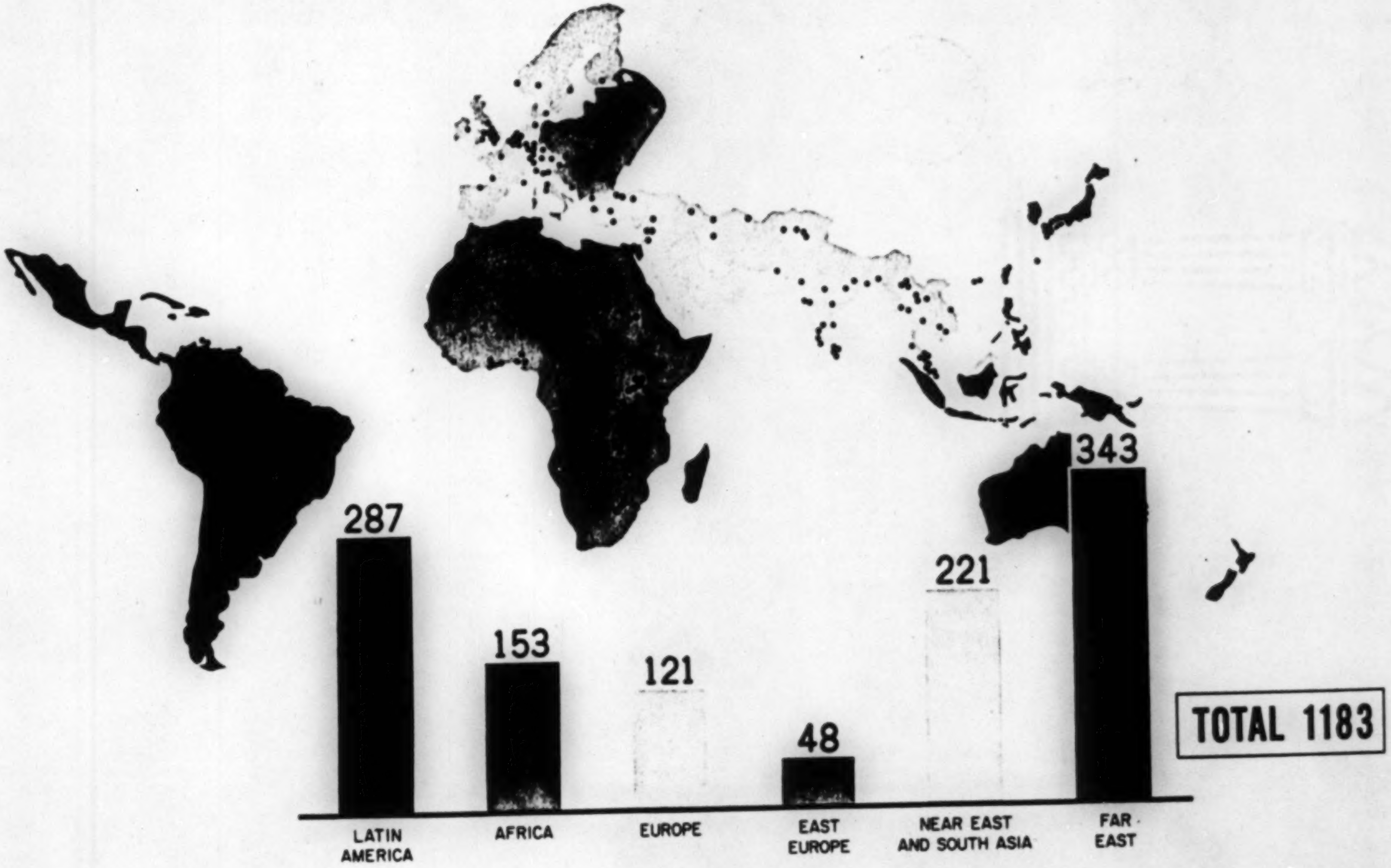
THEATRE - BALLET

- AMERICAN BALLET THEATRE
- CATHOLIC UNIVERSITY THEATRE
- FLORIDA A & M PLAYERS
- NEW YORK CITY BALLET
- SAN FRANCISCO BALLET

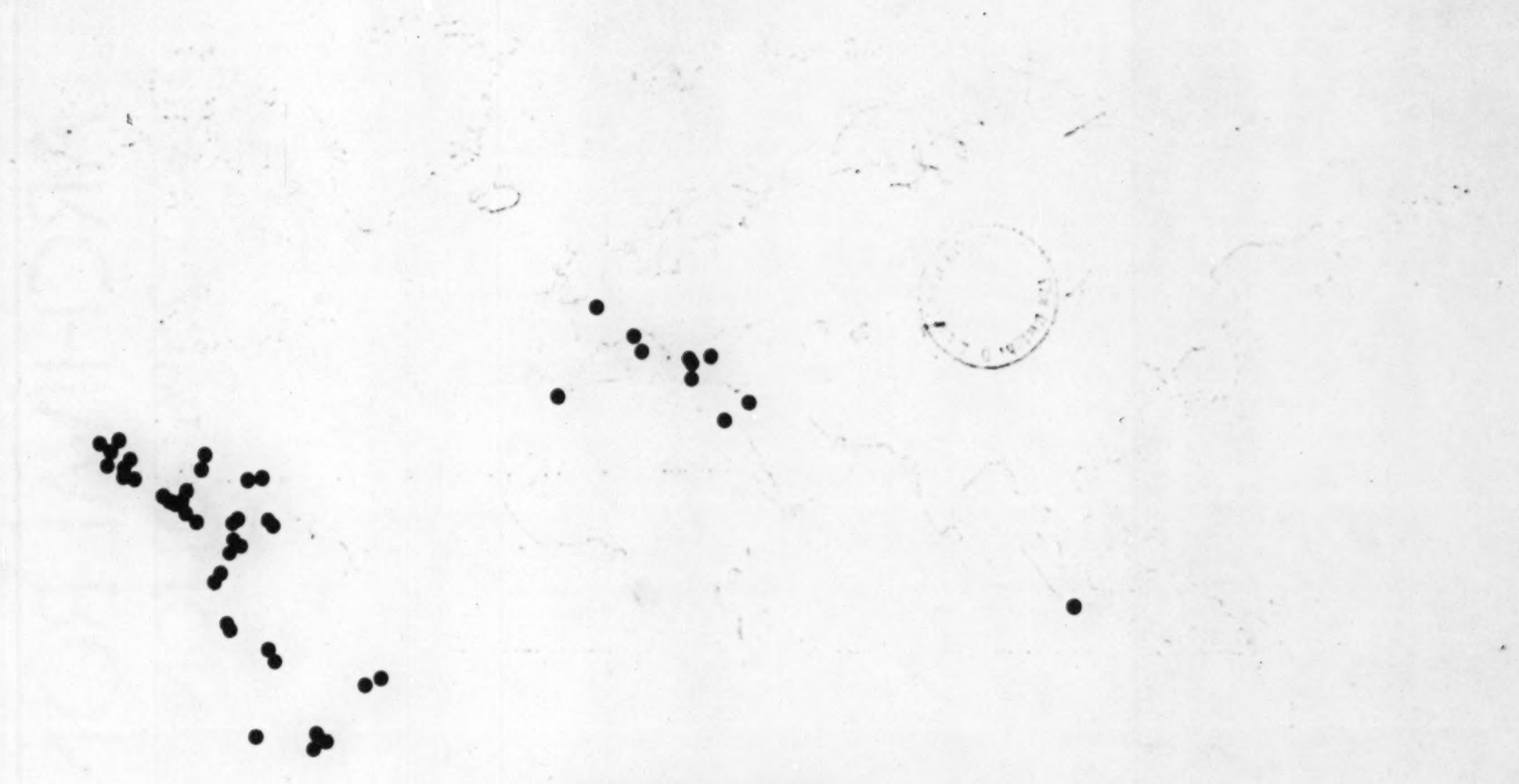
SPORTS

- AAU GYMNAST TEAM
- AAU TRACK & FIELD TEAM
- DAVIS CUP TEAM
- U.S. ROWING CREW

WORLD WIDE PERFORMANCES BY PRESIDENT'S FUND CULTURAL GROUPS - 1959



DIRECT AID TO AMERICAN SPONSORED SCHOOLS ABROAD



NUMBER OF COUNTRIES	26
NUMBER OF SCHOOLS	49

EXPENDITURES-APPROXIMATELY $10,000,000

UNITED
NATIONS
EDUCATIONAL
SCIENTIFIC
CULTURAL
ORGANIZATION

82 MEMBER STATES WITH
HEADQUARTERS IN PARIS
- BIENNIAL GENERAL CONFERENCE
- 24 MEMBER EXECUTIVE BOARD

SECRETARIAT

DIRECTOR GENERAL
DEPUTY DIRECTOR GENERAL
3 ASST. DEPUTY DIRECTORS GENERAL

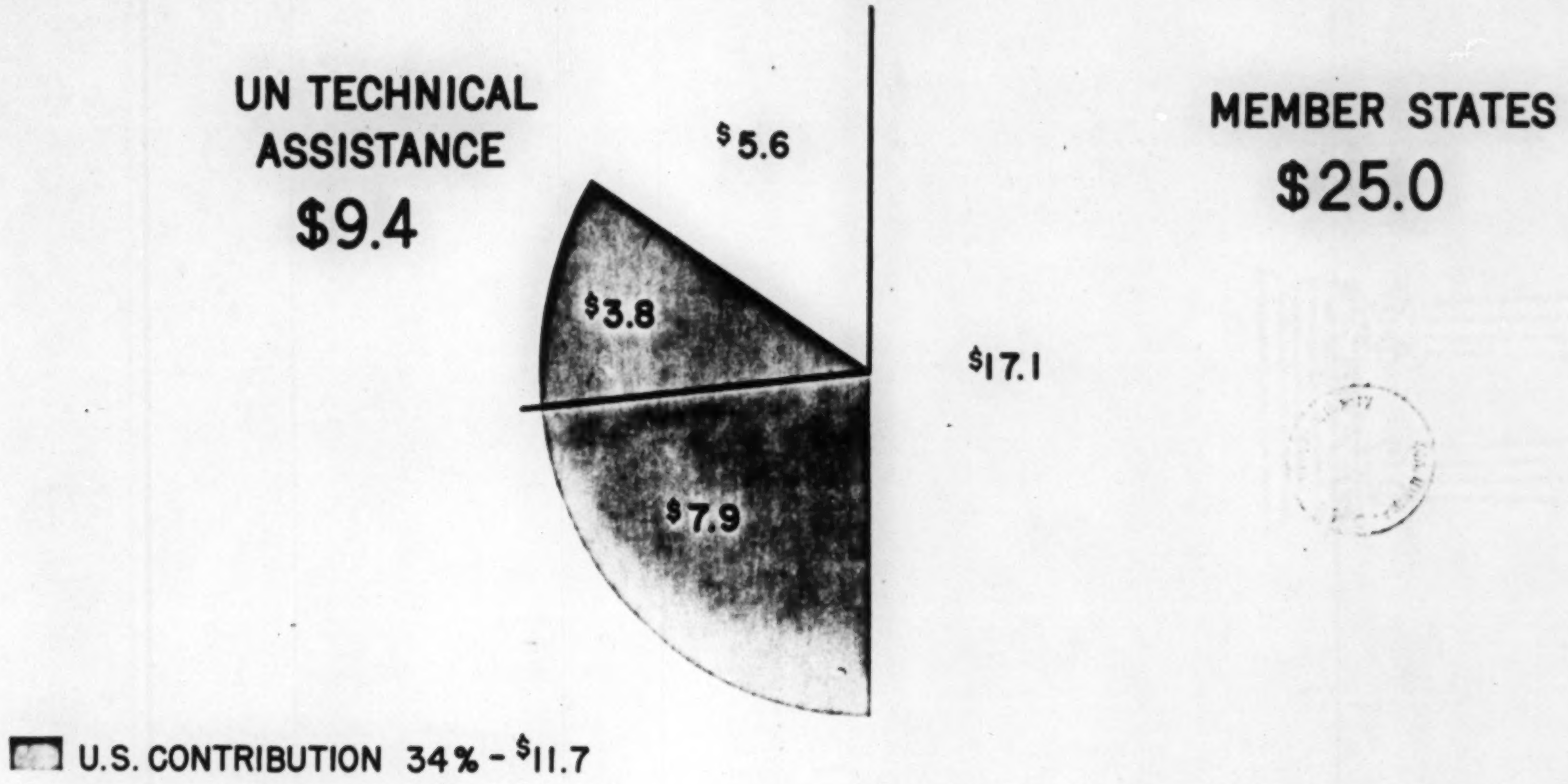
- DEPARTMENT OF SOCIAL SCIENCE
- DEPARTMENT OF EDUCATION
- DEPARTMENT OF NATURAL SCIENCE
- [redacted]
- DEPARTMENT OF MASS COMMUNICATIONS

MAJOR PROJECTS

1. PRIMARY EDUCATION IN LATIN AMERICA
2. ARID LANDS RESEARCH
3. EASTERN AND WESTERN CULTURAL VALUES

UNESCO SOURCES OF INCOME ($34,400,000) 1959-60

IN MILLIONS OF DOLLARS



CULTURAL PROGRAMS IN GREECE

EXCHANGES FROM UNITED STATES	EXCHANGES FROM GREECE
19 Technicians	100 Trainees
39 Scholars	78 Scholars and Leaders
155 Military Assistance Personnel	874 Military Personnel

$800,000 in technical cooperation - agriculture and labor

$374,000 direct aid to schools

AEC approval for a research reactor

USIA Centers and libraries; exchange of publications by Smithsonian, Archives and Library of Congress

CULTURAL PROGRAMS IN TURKEY

EXCHANGES FROM UNITED STATES	EXCHANGES FROM TURKEY
168 Technicians	236 Trainees
12 Scholars	57 Scholars and Leaders
568 Military Assistance Personnel	970 Military Personnel

Extensive support to literacy programs for military personnel

$4,500,000 in technical cooperation - industry, mining, transportation and communications

$1,000,000 to Robert College

4 contracts between United States and Turkish institutions

USIA Centers and libraries; exchange of publications by Smithsonian, Archives and Library of Congress

CULTURAL PROGRAMS IN INDIA

EXCHANGES FROM UNITED STATES	EXCHANGES FROM INDIA
140 Technicians	300 Trainees
51 Scholars	196 Scholars & Leaders

$8,800,000 in technical cooperation - agriculture, engineering and medicine

10 contracts between United States and Indian institutions

USIA Centers, exchange of publications by Smithsonian, AEC, and Archives

EXCHANGE OF INFORMATION ON PROGRAMS

CURRENT

PUBLIC SECTOR

ANNUAL SURVEY
FOR EACH COUNTRY

PRIVATE SECTOR

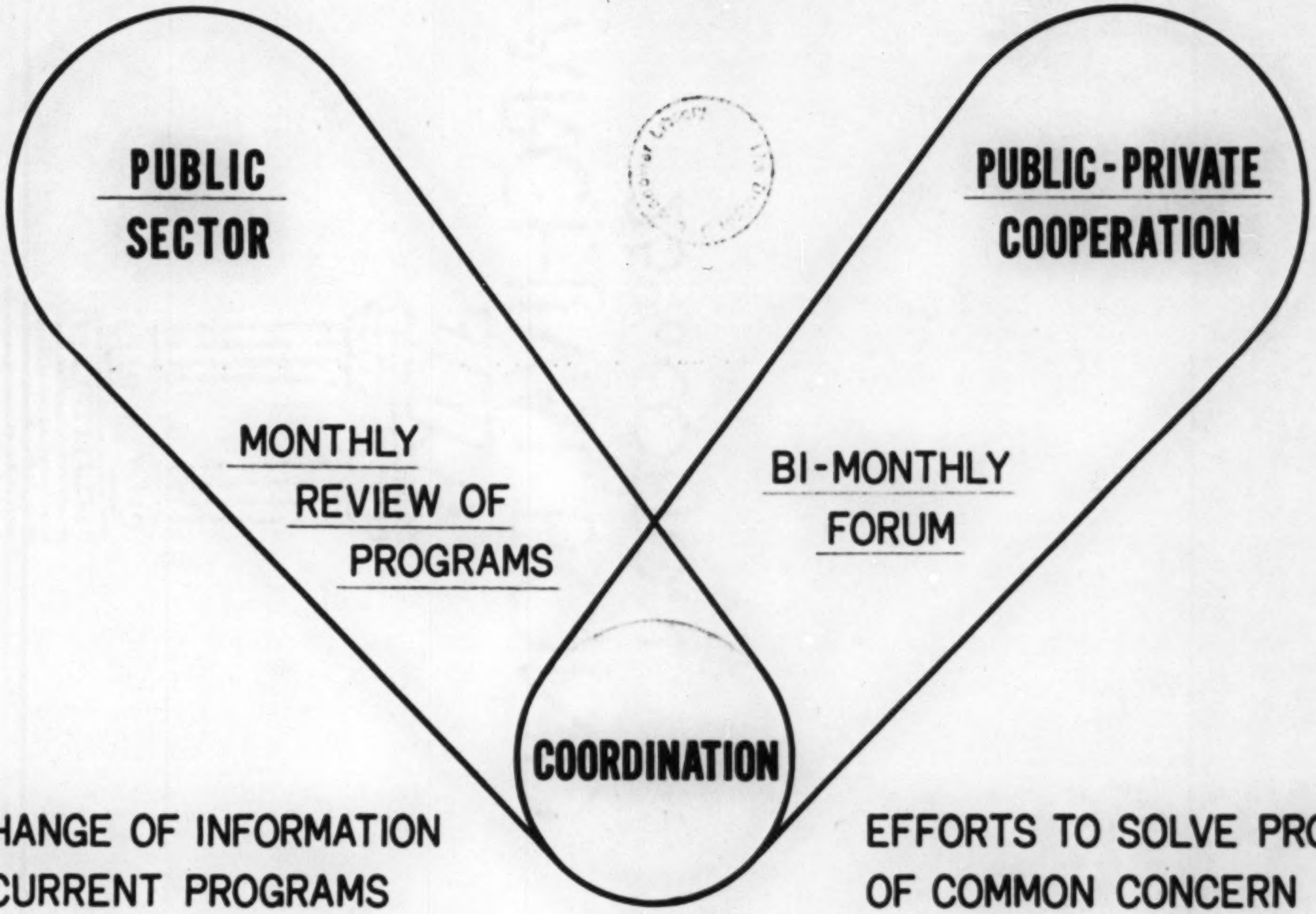
ANNUAL SURVEY
FOR EACH COUNTRY

CLEARING HOUSE

REPORTS

DEVELOPMENT OF COORDINATING MECHANISM

(PROPOSED)



PUBLIC SECTOR

PUBLIC-PRIVATE COOPERATION

MONTHLY REVIEW OF PROGRAMS

BI-MONTHLY FORUM

COORDINATION

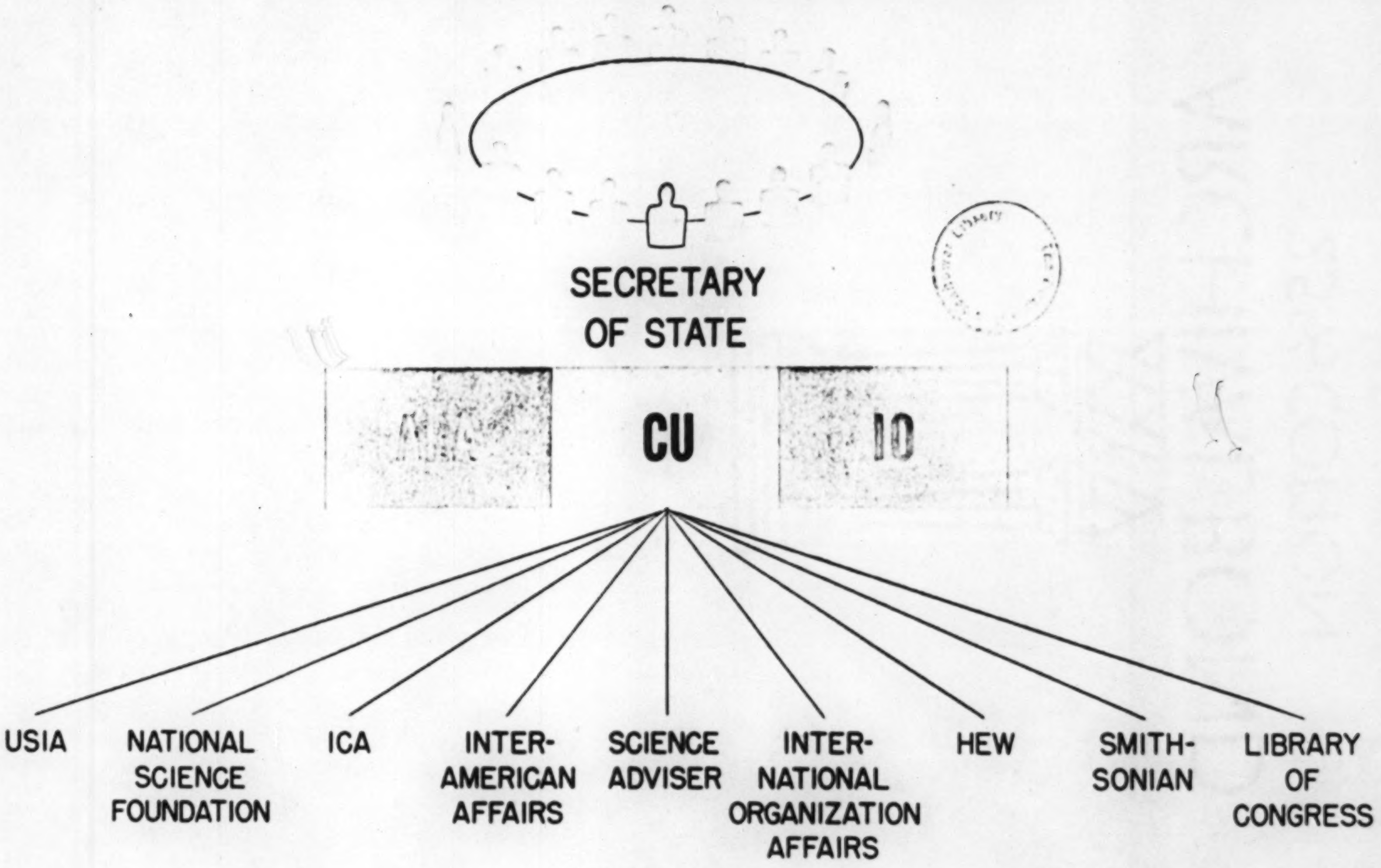
EXCHANGE OF INFORMATION ON CURRENT PROGRAMS

EFFORTS TO SOLVE PROBLEMS OF COMMON CONCERN

BETTER FOCUSED PLANS

ELEVENTH INTER-AMERICAN CONFERENCE

QUITO, ECUADOR, FEBRUARY 1960



SECRETARY OF STATE

[illegible]

CU

IO

USIA

NATIONAL SCIENCE FOUNDATION

ICA

INTER-AMERICAN AFFAIRS

SCIENCE ADVISER

INTER-NATIONAL ORGANIZATION AFFAIRS

HEW

SMITHSONIAN

LIBRARY OF CONGRESS

PROBLEMS OF COMMON CONCERN

GENERAL

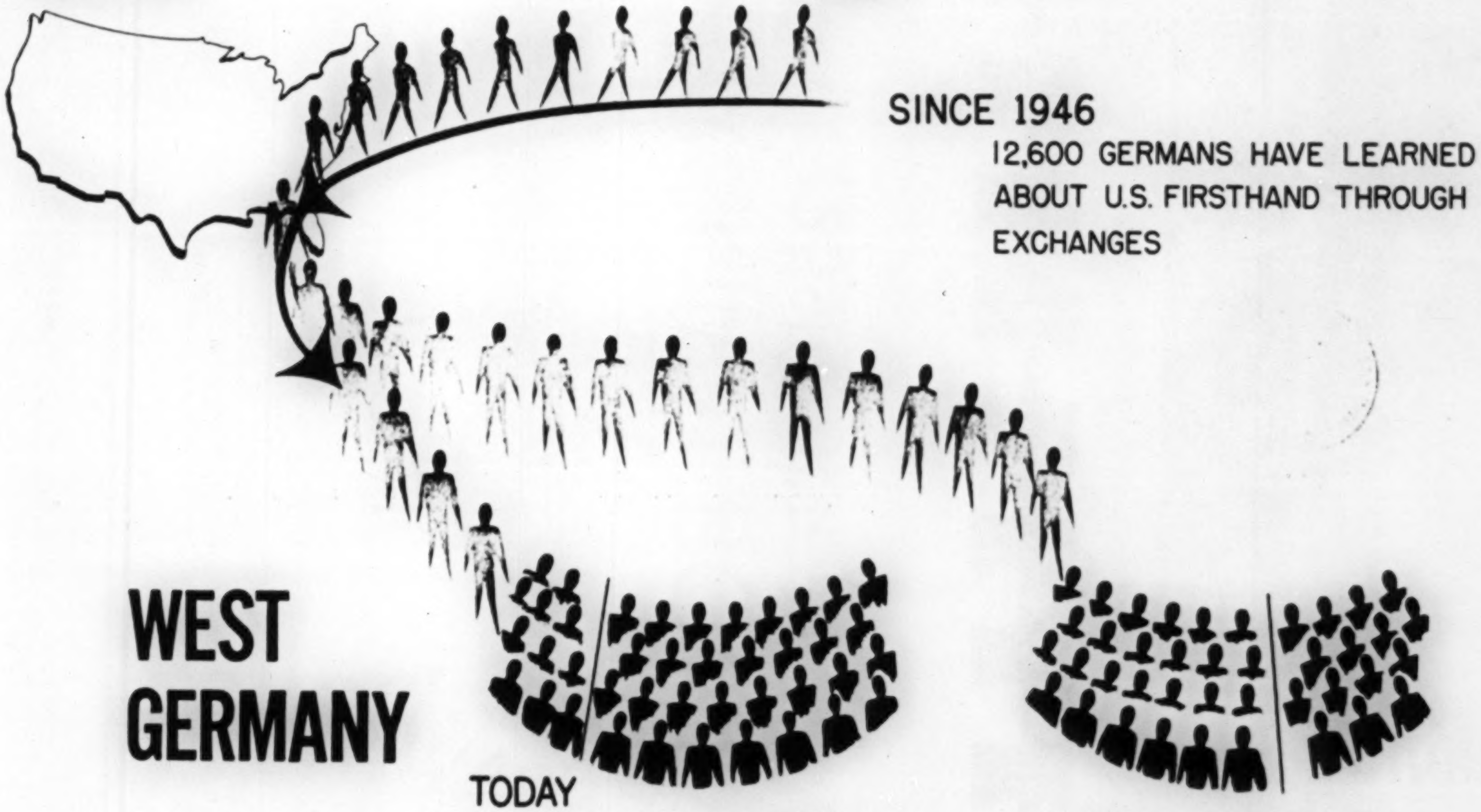
❺ WHAT SHOULD BE THE RELATIONSHIP BETWEEN TECHNICAL AND CULTURAL EXCHANGES?

❻ WHAT CAN BE DONE TO IMPROVE THE RELATIONS BETWEEN THE GOVERNMENT AND U.S. EDUCATIONAL INSTITUTIONS?

❼ WHAT CAN BE DONE TO IMPROVE THE PUBLIC'S UNDERSTANDING AND SUPPORT OF INTERNATIONAL CULTURAL PROGRAMS?

❽ SPECIAL PROBLEMS INCLUDING; TEACHING ENGLISH AND FOREIGN LANGUAGES, PRIORITIES, ORIENTATION, REVIEW AND FOLLOW-UP.

LONG RANGE EFFECT EXCHANGES WITH WEST GERMANY



1946-58

1958

SINCE 1946

12,600 GERMANS HAVE LEARNED ABOUT U.S. FIRSTHAND THROUGH EXCHANGES

WEST GERMANY

TODAY

25% OF BUNDESRAT

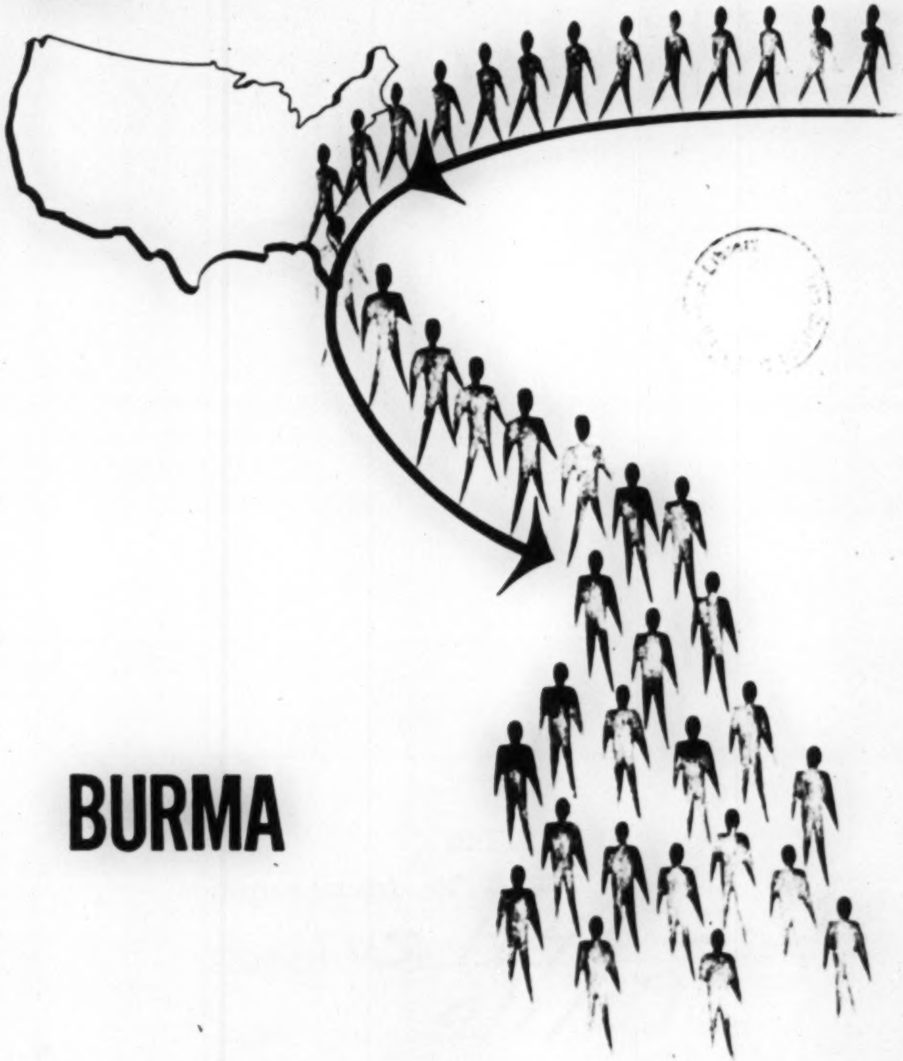
60% OF BUNDESTAG

ARE FORMER EXCHANGEES

SHORT RANGE EFFECT EXCHANGES WITH BURMA

1957

1958



IN 1958, THE FOLLOWING WAS ACCOMPLISHED BY BURMESE WHO VISITED THE USA AS EXCHANGEES IN 1956 AND 1957

- PUBLISHED ARTICLES AGAINST COMMUNIST SUBVERSION AND FOR AMERICAN DEMOCRACY
- IMPROVED POLICE TRAINING
- INTRODUCED AMERICAN VISUAL AIDS INTO SCHOOLS
- STARTED SCHOOL-COMMUNITY COOPERATION
- FORMED FIRST WOMEN'S BRANCH OF A POLITICAL PARTY
- PUBLICIZED PEACEFUL USES OF ATOMIC ENERGY
- USED BOOKS ON DEMOCRACY IN CLASSROOMS

Brad Patterson

November 27, 1959

A PRESENTATION OF A
PLAN FOR A FEDERAL CIVIL AGENCIES COMMUNICATION SYSTEM

MR. PRESIDENT —

IN CONNECTION WITH OPERATION ALERT 1958, ANALYSES OF EXISTING CIVILIAN COMMUNICATIONS SYSTEMS RESULTED IN A DETERMINATION THAT THEY WERE INADEQUATE AND VULNERABLE TO ATTACK. A REPORT OF THESE FINDINGS WAS MADE TO THE CABINET AND ON JANUARY 23, 1959, THE RECOMMENDATIONS INCORPORATED IN CABINET PAPER 59-91/1 WERE APPROVED. THIS APPROVAL ESTABLISHED A NATIONAL POLICY THAT THE CIVILIAN AGENCIES' COMMUNICATION SYSTEMS WOULD BE UNIFIED INSOFAR AS IT WAS TECHNICALLY AND OPERATIONALLY FEASIBLE. IMPLEMENTATION OF THE POLICY WAS TO BE CONTINGENT UPON THE APPROVAL OF A COMPREHENSIVE PLAN.

THE PLAN WHICH IS NOW BEING PRESENTED IS RESPONSIVE TO THAT REQUIREMENT.

THE PLAN FOR THE FEDERAL CIVILIAN AGENCY COMMUNICATION SYSTEM WAS DEVELOPED IN THE FOLLOWING MANNER:

1. A STUDY WAS MADE OF ALL CIVILIAN AGENCIES' SYSTEMS AND METHODS OF COMMUNICATIONS. THIS WAS DONE BY MEANS OF PERSONAL CONTACTS WITH AGENCY STAFFS.

2. DETAILS OF CIRCUITRY AND COSTS WERE REVEALED TO OUR STAFF BY THE COMMERCIAL COMPANIES WITH THE CONSENT OF THE AGENCIES CONCERNED.

3. FUTURE REQUIREMENTS OF THE AGENCIES WERE DETERMINED INSOFAR AS IT WAS FEASIBLE.

4. A.T.& T. AND WESTERN UNION PREPARED DETAILED PROPOSALS BASED UPON OUR STATEMENT OF REQUIREMENTS.

5. THE TWO PROPOSALS OR POSSIBLE COMBINATIONS WERE CAREFULLY WEIGHED AND THE PROPOSED SYSTEM IS ONE WHICH ONLY A.T.& T. CAN PROVIDE.

I WILL BRIEFLY DESCRIBE THE SALIENT FEATURES OF THE PROPOSED SYSTEM IN CONTRAST TO THOSE SYSTEMS IN USE TODAY. THE COMPARISONS BETWEEN THE PRESENT AND PROPOSED SYSTEMS ARE DEPICTED ON THESE CHARTS.

(1) THE PRESENT SYSTEMS EMPLOY DIVERSE METHODS AND CIRCUITRY. MANY AGENCIES PROVIDE THEIR OWN SYSTEMS FOR OPERATIONAL COMMUNICATIONS AND USE THE GENERAL SERVICES ADMINISTRATION SYSTEM FOR LARGE VOLUME ADMINISTRATIVE COMMUNICATIONS. FURTHER, THE PRESENT SYSTEMS FOR THE MOST PART DO NOT PROVIDE FOR DATA TRANSMISSIONS NECESSARY IN COMPUTER OPERATION NOR DO THEY PROVIDE FOR PHOTO-FACSIMILE OR CRYPTO.

THE NEW SYSTEM PROVIDES FOR VOICE, RECORD, DATA AND FACSIMILE OVER THE SAME CIRCUIT.

(2) THE PRESENT SYSTEM RESTRICTS INTERAGENCY COMMUNICATION BY NOT PROVIDING FOR INTERCONNECTIONS.

THE NEW SYSTEM PROVIDES INTRA AND INTER-AGENCY COMMUNICATION THROUGHOUT ALL AGENCY HEADQUARTERS AND 2300 FIELD OFFICES.

THE PRESENT SYSTEMS PROVIDE LIMITED AND INADEQUATE SERVICE.

(3) THE NEW SYSTEM PROVIDES ROUND-THE-CLOCK OPERATION OF ALL FACILITIES. (24 Hour - 7 DAYS A WEEK)

(4) THE PRESENT SYSTEMS ARE VULNERABLE TO ATTACK IN THAT CIRCUITS AND FACILITIES ARE ROUTED THROUGH, OR LOCATED WITHIN, TARGET AREAS.

THE NEW SYSTEM HAS PLANNED INVULNERABILITY. SWITCHING CENTERS HAVE BEEN SELECTED THAT ARE NOT IN TARGET AREAS AND ROUTING WILL BE OVER BY-PASS ROUTES THAT WILL NOT GO

THROUGH TARGET AREAS EXCEPT WHEN THE OFFICE TO BE SERVED IS LOCATED THERE. IN ADDITION, THE INTERCONNECTION OF THE SWITCHING CENTERS INTO A GRID SYSTEM MAKES IT POSSIBLE TO REROUTE, AUTOMATICALLY, A CIRCUIT AROUND A DESTROYED AREA. THE SWITCHING CENTERS SELECTED WILL BE CAPABLE OF FULLY AUTOMATIC OPERATION. THIS WILL PRECLUDE THE LOSS OF SERVICE DUE TO HUMAN FACTORS.

(5) THE PRESENT SYSTEMS ARE ADMINISTRATIVELY UNECONOMICAL BECAUSE THEY DO NOT TAKE FULL ADVANTAGE OF MULTI-CHANNEL RATES. TO ILLUSTRATE, IF A SINGLE AGENCY CONTRACTS FOR 15 CIRCUITS A CHEAPER RATE IS CHARGED THAN WOULD BE CHARGED IF 15 AGENCIES EACH CONTRACTED FOR ONE CIRCUIT.

THE NEW SYSTEM PROVIDES THE MOST FOR THE MONEY SINCE MAXIMUM ADVANTAGE IS TAKEN OF MULTI-CHANNEL RATES.

(6) THE PRESENT SYSTEMS ARE OF LIMITED AND FIXED CAPACITY SINCE THEY WERE DESIGNED FOR SPECIAL PURPOSES.

THE NEW SYSTEM, DUE TO ITS GENERAL PURPOSE DESIGN WILL HAVE GREATER INITIAL CAPACITY AND WILL BE CAPABLE OF RAPID EXPANSION.

CURRENT COSTS ARE ESTIMATED AT $48,707,000. ESTIMATED COST OF THE NEW SYSTEM IS $50,704,450 OR APPROXIMATELY $2,000,000 MORE ANNUALLY THAN WE ARE PRESENTLY PAYING. THIS DOES NOT INCLUDE A ONE TIME INSTALLATION CHARGE OF $550,000.

The average costs Wagner should not increase over 4%.

THE PROJECTED COSTS WERE DETERMINED ON THE BASIS OF CURRENT TARIFF RATES. IT WILL BE NECESSARY FOR A.T.&.T. TO FILE FOR NEW TARIFFS WITH F.C.C. THEREFORE, THE COSTS FOR THE NEW SYSTEM MUST BE ACCEPTED AS AN APPROXIMATION.

Comptroller General's Report recommended - Yes.

THE GENERAL SERVICES ADMINISTRATION WOULD BE DESIGNATED AS THE SYSTEMS OPERATING AGENCY BY AN APPROPRIATE EXECUTIVE ORDER AND WOULD PLAN THE FUNDING ASPECTS AND THE TIME-PHASING ASPECTS OF THE SYSTEM. THE RESPONSIBILITY FOR PLANNING, INSTALLING AND OPERATING THE INTERAGENCY COMMUNICATIONS SYSTEM, WHICH SERVES THE RELOCATION ARC, IS PRESENTLY A FUNCTION OF THE ARMY SIGNAL CORPS UNDER THE POLICY GUIDANCE OF OCDM AND THIS WOULD NOT BE CHANGED AT THIS TIME.

THE PLAN HAS BEEN PRESENTED TO THE CIVIL DEFENSE MOBILIZATION BOARD AND TO ALL INTERESTED AGENCIES NOT REPRESENTED ON THE BOARD.

ONCE CABINET CONSIDERATION HAS BEEN COMPLETED IT IS REQUESTED THAT THIS PLAN BE IMPLEMENTED ON A NON-CLASSIFIED BASIS EXCEPT FOR THOSE DETAILS RELATING TO CRYPTOGRAPHIC

I PROPOSE THAT THE PLAN BE APPROVED AND THAT WORK PROCEED AS QUICKLY AS FEASIBLE. TWO AND ONE HALF YEARS FROM THE DATE OF APPROVAL IS THE ESTIMATED TIME REQUIRED FOR COMPLETION OF THIS SYSTEM.

CABINET PAPER—PRIVILEGED

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CP - 59 - 91/2

November 18, 1959

The White House

Washington

THE CABINET

A Plan for a Federal Civil Agencies Communication System

For consideration by the Cabinet, attached is a document prepared by the Director of the Office of Civil and Defense Mobilization.

The plan for a Federal Civil Agencies Communication System describes a unified common system which will provide for a suitable national intercommunication capability among offices, including field offices, of the Federal civilian agencies during a national emergency and for normal business of the Government. This plan has been developed pursuant to the President's decision outlined in Cabinet Paper 59-91/1 and in RA-59-125, Item 3.

This plan was presented to the Civil and Defense Mobilization Board on October 29, 1959, and to those interested Federal agencies not represented on the Board.

The attached document is a Brief; the appended Plan consists of an eight-page summary and a twenty-page detailed supplement.

The plan for a Federal Civil Agencies Communication System is now circulated for concurrence by the Cabinet Members and for the approval of the President.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Consideration

CP-59-91/2
November 18, 1959

A PLAN FOR A
UNIFIED FEDERAL CIVIL AGENCIES COMMUNICATION SYSTEM

BRIEF

Problem: How should the Administration implement the policy to unify and integrate the various Federal civil agency communication systems?

Discussion: A plan for a system which will meet the requirements for a suitable national intercommunication capability among offices, including field offices, of the Federal Government agencies during a national emergency has been prepared. Further, such a system will have a peacetime capability sufficient to enable the agencies of the Federal Government to discharge normal responsibilities.

The system designed would serve about 2300 agency offices in approximately 275 areas. The service at most locations would consist of telephone and teletypewriter service. Provisions would also be made for the use of medium speed data, telephoto, and narrow band voice crypto. In addition, there would be access to the local telephone exchange and other commercial facilities in the majority of these same 275 areas.

The system would use direct distance dialing in combination with circuit switching and multi-channel routing. All the key switching stations would be located outside target areas. This combination

a) eliminates the need for intermediate handling of traffic,

b) provides the maximum in direct person-to-person or machine-to-machine services, and

c) provides much more security against damage, especially since the multi-alternate route feature would allow different combinations for routing calls in the event a particular route is damaged or destroyed.

The system as presently designed would handle a minimum of 90% of the daily peacetime business of the civil agencies. The remaining 10% would be subject to delay or be completed over the commercial message network. This concept insures maximum use of the Government-leased circuits and greatly reduces idle circuit time.

The provision of this plan to accomplish the above objectives is in response to Recommendation 2 of CP-59-91/1, approved January 23, 1959 (RA-59-125, Item 3).

The annual recurring costs of civil agency communications for Fiscal 1960 are estimated to total $48, 707, 000. The estimated annual costs for civil agencies and departments under the plan would total $50, 704, 450. In addition, there would be a one-time installation charge estimated at $550, 000.

Recommendation: That the President approve the Plan for a Unified Federal Civil Agencies Communication System.

Implementation: An Executive Order to be issued designating the General Services Administration as the System Operating Agency subject to the policy guidance and control of the Director of the Office of Civil and Defense Mobilization. The General Services Administration will plan the funding aspects and the time-phasing of the system.

Concurrences: The attached Plan for a Unified Federal Civil Agencies Communication System was approved for presentation to the Cabinet by the Civil and Defense Mobilization Board on October 29, 1959. While the plan was generally approved, some agencies, principally the Departments of Agriculture and Justice and the Veterans Administration, had some reservations concerning increased costs to their agencies. These increased costs average about 4 per cent of present expenditures and are deemed necessary for providing a reasonably secure system. In addition, coordination was effected with representatives of Army Signal Corps, Central Intelligence Agency, Federal Aviation Agency, National Aeronautics and Space Administration, United States Information Agency and 14 other interested agencies.

Attachment: A Plan for a Unified Federal Civil Agencies Communication System prepared by the Director, OCDM.

A PLAN FOR
A
FEDERAL CIVIL AGENCIES COMMUNICATION SYSTEM

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF CIVIL AND DEFENSE MOBILIZATION

P L A N

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PLAN

A PLAN FOR A FEDERAL CIVIL AGENCIES COMMUNICATION SYSTEM

Federal Civil Agencies Communication System (FCACS)

I. GENERAL

A. The National Plan for Civil Defense and Defense Mobilization (October 1958) with regard to communication states, in part:

> "National Communications System - The Federal Government will maintain at all times, reasonably secure from attack effects, communications:
>
> (1) Within and among Federal agencies having emergency responsibilities, and
>
> (2) Between the Federal Government and the States."

B. A study of communications presently in use has resulted in a determination that a common system for civil agencies and departments of the Federal Government meeting the requirements outlined above and also their daily requirements, is both feasible and practicable. Further, the additional recurring cost involved in providing reasonably secure communications is not more than 10% of the present over-all cost.

C. This Plan provides for a leased system, designed to utilize to the maximum existing facilities of the common carriers.

D. All civil agencies will use the system for voice and record communications between points which can be served through the system except for certain leased special-purpose networks.

E. Although the system is primarily leased from common carriers, it will also include emergency radio back-up for added protection.

F. The following is the Plan for a Federal Civil Agencies Communication System (FCACS) which describes the common system. A supplement to the Plan contains details and background information.

PLAN

II. SYSTEM REQUIREMENTS

A. **The Federal Civil Agencies Communication System meets the following requirements:**

1. **Command Control and Coordination -**

   a. **The functions of Command/Control and Coordination in emergencies are dependent upon communications and the System is designed primarily to serve such functions.**

2. **Normal and Protected Communications -**

   a. **The System handles both daily and emergency traffic of the civil agencies and departments, and utilizes both normal and protected communications, depending upon the area served.**

      (1) **Normal communications are furnished to departments and agencies**

         (a) **Located in target areas**

         (b) **Not having essential wartime functions**

      (2) **Protected communications are furnished to departments and agencies that have essential wartime functions and are located outside of target areas.**

      (3) **Protected communications as employed in the System include:**

         (a) **A division of circuit routes between switching centers.**

         (b) **The by-pass routing of circuits around critical target areas.**

         (c) **The use of automaticity to the maximum extent and an ability to operate unattended for prolonged periods of time.**

(d) The protection of operating personnel from fallout and, in some limited cases, from blast.

(e) The location of major switching centers outside target areas.

3. Provision for Essential Needs of Agencies -

a. The requirements of each agency have been analyzed and those facilities and systems capable of absorption into the FCACS have been incorporated. Certain of the facilities that have been excluded have a very small survival index in the event of emergency. These excluded facilities and systems will be restudied with a view to providing them circuit protection within FCACS.

b. The System provides channels for two broad traffic categories, namely, Command/Control and Administrative. Administrative channels have been estimated on the basis of known requirements. Command/Control channels have been estimated on the basis of their needs in an emergency, without reference to the peacetime traffic that would be used on the channel.

c. The provision of a communications system requires a substantial lead time. Systems and protected communications must, of necessity, be in place prior to any emergency in order to be effective. The design of the FCACS affords adequate protection and enables the System to be provided in a reasonable period of time.

4. Control of Communications -

a. The FCACS will provide the long distance communications of the civil departments and agencies. Effective control of these communications dictates that a single agency shall have authority to change the network to meet the changing traffic patterns and insure the necessary methods and procedures to establish the proper operation and maintenance practices. The control of local facilities serving an agency site would remain with the respective agency if such agency so desires.

5. Economy of Communications -

a. The FCACS has been designed on a unified basis, combining as many of the requirements as possible of the agencies. Economies are effected through common usage of channels in a unified system.

6. Adequacy of Communications -

a. Communications must be reliable, rapid, and flexible.

(1) Reliability is being built into the System through protected communications.

(2) Speed is provided through fully automatic switching centers providing direct "person-to-person" or "machine-to-machine" services.

(3) Flexibility is assured by the ability of the System to respond rapidly to the changing state of the communication art and the number of service locations that can be served.

7. Interconnection With Other Systems -

a. Interconnection is provided with other essential systems, including military and commercial.

8. Communications Procedures -

a. Uniform procedures are required for effective functioning of any large communication system. The System reduces procedures to the minimum and, consequently, the instruction and training that must accompany them.

9. Service to Relocation Sites -

a. The relocation sites of the many civil departments and agencies at the National level will be served individually. The relocation sites of agency, regional and field offices should be consolidated within selected areas so they may be served economically and effectively by FCACS in emergencies.

10. Commercial Facilities -

a. The FCACS is designed to take maximum advantage of existing commercial communications within the United States. This approach provides the maximum flexibility at least cost.

PLAN

III. SYSTEM DESCRIPTION

A. The FCACS is presently designed to serve about 2300 agency offices in approximately 275 areas. The service at most locations consists of telephone and teletypewriter. Provisions have also been made for the use of medium speed data, telephoto, and narrow band voice crypto. In addition, there is access to the local telephone exchange and other commercial facilities in the majority of these same 275 areas.

B. The System employs the concept of direct distance dialing in combination with circuit switching and multi-channel routing. This combination eliminates the need for intermediate handling of traffic and provides the maximum in direct person-to-person or machine-to-machine services. The multi-alternate route feature provides different combinations for the routing of calls in the event a particular route may be damaged or destroyed. The Systemas presently designed will handle a minimum of 90% of the daily peacetime business of the civil agencies. The remaining 10% would be subject to delay or be completed over the commercial message network. This concept insures maximum use of the Government-leased circuits and greatly reduces idle circuit time.

C. The 31 major switching centers serving the System are located outside target areas. In addition, there are minor switching centers within most of the cities served. The circuit groups interconnecting those switching centers outside target areas employ diversity and by-pass routing.

D. The switching centers share equipment with the public message commercial network. The use of the Government-leased circuits is restricted to Government users by special features in the equipment. In case of an emergency, the Government can expand its use of switching facilities by the employment of limiting devices. These devices control access to the switching equipment of those subscribers deemed unessential in an emergency. Prearranged plans will provide for the expansion of the System during an emergency without accruing large costs for the idle facilities.

PLAN

E. The channels employed throughout the System are universal in nature, in that voice, teletypewriter, data, telephoto and narrow band voice crypto would use the same switching paths interchangeably.

PLAN

IV. IMPLEMENTATION

A. System Implementation -

1. General Services Administration will, by Executive Order, be designated as the System Operating Agency and, as such, be responsible for the implementation and continued functioning of the System.

B. System Development -

1. A period of two years is considered adequate for full implementation of the System. Therefore, all planning and implementation measures will be such as to insure that the System is in operation within the time limit.

2. To effect economies through multi-channel tariff offerings of the commercial companies, the System Operating Agency will -

    a. Lease all circuits required within the FCACS

    b. Establish the necessary organization and procedures to lease circuits for those civil agency networks which are exceptions to the FCACS

3. All of the presently leased networks of the civil agencies will be merged into the System except those of the Federal Aviation Agency, Federal Communications Commission, State Department, Department of Agriculture and Tennessee Valley Authority. (The circuitry of these excepted networks should be routed in the System for economy and critical target area by-pass routings).

4. The System Operating Agency will insure that all major changes, additions, and improvements to existing leased systems will conform to the System Criteria during the implementation phase of the System.

C. System Improvement and Future Expansion -

1. It is expected that the System planning will insure that improvements are made as advanced communication techniques are developed.

2. The System has the capability of immediate expansion.

PLAN

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SUPPLEMENT TO A PLAN
FOR
A FEDERAL CIVIL AGENCIES
COMMUNICATION SYSTEM

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF CIVIL AND DEFENSE MOBILIZATION

SUPPLEMENT

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SUPPLEMENT

I. GENERAL

A. Plan Development -

To develop the requirements for a unified communications system for the civil agencies and departments, a detailed study was made of existing systems and methods of communication. In addition, planning concepts for the future were considered and are included. The Plan is a combination of these two elements.

B. Communications Requirements -

1. Communications for civil government in peacetime are required for:
    - a. Normal business between and within the Federal agencies.
    - b. Normal business to States, industry and the public.
    - c. Preparedness for emergencies.
2. Communications for civil government in emergencies are for:
    - a. Notification of impending attack (Attack Warning).
    - b. Radiological fallout monitoring and warning (Radiological Defense).
    - c. Damage reporting and assessment.
    - d. The maintenance of continuity of government (Command/Control).
    - e. Advice and instruction to the public, and the rehabilitation of government and industry after attack.

SUPPLEMENT

f. Special purposes such as coordination and liaison with the military, air traffic movement, etc.

C. Existing Communication Methods and Systems -

1. The normal business of the Government is conducted over the commercial facilities of the common carriers, supplemented by leased or Government-owned facilities for special purposes of an agency or leased by GSA to serve various agencies.

2. All of the present systems and services leased by or serving the civil agencies will be merged into the Federal Civil Agencies Communication System except as outlined below. However, the leasing of all circuitry of the various networks and systems will be contracted for by the System Operating Agency so that maximum advantage may be taken of multi-channel tariff offerings. (These tariff offerings save considerable money by having one lessee contracting for circuits between the same points)

3. Because of their operating characteristics, certain systems do not readily lend themselves to absorption into a common system. These are the leased teletypewriter and/or voice systems of the Federal Aviation Agency, Federal Communications Commission, State Department, Tennessee Valley Authority, the OCDM National Warning System, Department of Agriculture's Market News Service and Commodity Stabilization networks, and a few circuits of other agencies. It should be noted that the systems of these agencies, with certain very minor exceptions, do not have routings to by-pass critical target areas. Therefore, agencies and departments in pursuing a policy of relocating certain facilities outside of critical target areas should utilize the system for by-pass routings. In addition, the OCDM National Warning System will be routed to the greatest possible extent in the System.

4. There are a few Government-owned radio systems in being to "back-up" commercial facilities, especially

in enforcement work. The radio system of OCDM between its headquarters, regions and the States is designed for back-up usage in emergencies and will be considered a part of the Federal Civil Agencies Communication System. Certain other systems can assist in a similar manner.

5. The Federal Reserve System and the American National Red Cross teletypewriter networks and emergency communications can be merged into the system on a prorated basis.

SUPPLEMENT

II. SYSTEM DESCRIPTION

A. General -

1. The System will be operative 24 hours a day, 7 days a week, with direct voice service to about 2300 agency offices and relocation points in approximately 275 areas. In addition, there will be access to local telephone exchange facilities from Government-operated switchboards in most of these areas.

2. There will be about 1300 teletypewriter stations within the System with relay facilities to points outside the System.

3. The System will also carry data, telephoto and facsimile, and narrow band voice and record encryption.

4. The System utilizes automatic circuit switching for all types of traffic; that is, the calling station is connected directly to the called station in all cases. All circuits in the System are voice grade circuits.

B. Switching Centers -

1. Three classes of switching centers are employed within the System. These are in order of rank -- primary, secondary and local. All centers are located outside of target areas except those local centers serving agencies located within the target areas.

2. The switching centers were selected to provide maximum automaticity and unattended operation. Minimum fuel supplies for these centers will insure operation in an emergency for at least two weeks. Further, it is expected that those centers requiring personnel in attendance would provide protection for them to survive for a minimum of two weeks during a fallout period.

a. Primary Switching Centers -

The 6 primary centers are the backbone of the System. They are selected machine switching offices of the telephone companies and each serves a region of the United States. The majority of calls entering and leaving a region are directed through one of these centers. All primary switching centers are normally connected to all other primary switching centers by direct trunk groups.

b. Secondary Switching Centers -

These 25 secondary centers are also selected machine switching offices. They serve sectional areas within a region. The centers are not as important as the primary centers but are essential for flexibility. They are connected to the regional centers within the area in which the secondary center is located. In many cases the secondary centers are connected to two primary centers to provide added protection and flexibility. Many of the secondary centers are connected to other secondary centers by high usage trunk groups, i. e., when traffic between two centers warrants the use of direct connections.

c. Local Switching Centers -

These centers serve the local areas. They act as concentrating units to connect the terminal points and provide access into and out of the long distance network.

C. Channels -

1. The FCACS is primarily a grid of 4-wire voice grade channels. These 4-wire facilities provide better transmission capability throughout the System. Data and other terminal facilities requiring 4-wire terminations by-pass local switching centers and are connected directly to

either a secondary or primary center.

2. Multi-alternate routing of channels is employed to the maximum. This permits calls to be routed automatically over several routes so that the accidental destruction of certain switching centers or trunk routes would not prevent a call from being completed.

3. Diversity routing is also used to the maximum. In such routing trunk groups are divided and routed over different paths.

4. Selective routing is employed extensively. Selective routing entails the routing of circuits to by-pass critical areas, and utilize present and future by-pass facilities around critical target areas.

5. High usage circuit groups connect switching centers that have a community of interest.

D. Terminals -

1. Terminal stations in FCACS consist of local telephone, Government-operated PBX switchboards, teletypewriters, telephoto machines, data facilities, and narrow band cryptograph equipments. These terminals are connected to local switching centers except where 4-wire terminations are required. In such cases the terminals are connected directly to a secondary or primary center.

   a. Local Telephone Switchboard -

      (1) Government-operated telephone PBX switchboards will be furnished by the System Operating Agency to serve all agencies in a locality, or by an individual agency for its own use.

      (2) The Government switchboard operators will normally control the telephone traffic into the FCACS.

SUPPLEMENT

b. Teletypewriter Service -

(1) Teletypewriter service is terminated in automatic send and receive equipment. There is a subset associated with the teletypewriter machine to permit connection to voice grade facilities. The transmission of teletypewriter messages is fully automatic. The operator prepares a tape of the message which is fed into the machine. The machine then calls the desired station, transmits the message and disconnects. In the preparation of the tape, a 10-digit directing code is inserted at the beginning, followed by a distant actuating symbol. The distant station, upon receipt of this symbol, returns its identification after which the sending machine transmits. After transmission by the sending station, the automatic identification is then repeated by the receiving station as an acknowledgment. Another symbol is then transmitted by the sending station to disconnect the circuit. The teletypewriters will operate at 100 words per minute. Where there is a requirement for teletypewriter exchange service (TWX) the teletypewriter transmitter used in FCACS will be capable of alternate use in TWX service. In addition, an agency may provide separate teletypewriters in the TWX service, if it so desires.

c. Data -

(1) Data terminals will be connected directly to secondary centers by means of a 4-wire channel. Terminal equipment will consist of converters which can be used with paper and/or magnetic tape or card-to-card, or other devices.

Transmission rates of up to 750 bits/second (1000 words per minute equivalent) are possible.

(2) Data circuits to handle bit rates up to 2400 bits/second (3000 words per minute equivalent) will use point-to-point circuits in peacetime as adjuncts to FCACS. During national emergencies only, the circuits of FCACS will be used for these data transmissions, should the point-to-point facilities be interrupted.

d. Telephoto -

(1) Telephoto terminals will be operated on a 2-wire basis, which allows these terminals to be connected to the local switching center. Dial telephone sets will be associated with the equipments to enable the operator to contact other stations.

e. Cryptographic -

(1) Teletypewriter transmissions may be made as required. Both on- and off-line modes of operation can be used.

(2) Narrow band voice security equipment can be employed within the System.

E. Numbering Arrangement -

1. The numbering arrangement for use within the FCACS is the same as that used in the direct distance dialing and local public message networks. The numbering arrangement utilizes a 10-digit number composed of an area code (3 digits), an office code (3 digits) and a station code (4 digits). The number assigned each terminal can be used over the FCACS and the public message facilities.

2. The United States has been divided into a number of dialing areas which will be served by designated switching centers. Drawing No. 2 shows the assignment of dialing areas in relation to those used in the present nationwide direct distance dialing network.

F. Interconnection With Other Systems -

1. The FCACS is capable of interconnection with existing public message and military systems. Since the System is built within the framework of the existing public telephone system, overflow into this network is simple. Similarly, entry into the public teletypewriter exchange service (TWX) can be made at the teletypewriter terminals since the transmitters will permit alternate FCACS and TWX service. Interconnection with the public telegraph service can be made at selected points on a "re-file" basis.

2. Interconnection with the military will be made at the National level and at major commands. This would include Army areas, Air Force commands, and Navy (shore) headquarters. Interconnection would also be made at selected military switching centers. Thus, voice communication could be made to such military headquarters and teletypewriter messages could be re-filed at these points to other military installations.

G. Connections With Overseas Areas -

1. The FCACS can be expanded to cover the States of Alaska and Hawaii by the establishment in those areas of a secondary center, with the necessary interconnection back to the mainland. Contact with other overseas areas would be through the public message facilities or through the military networks. Plans should be made by the System Operating Agency to expand the System in an emergency to the major land areas.

H. Emergency Radio Backup -

1. The FCACS will have emergency radio backup to provide additional insurance, should portions of the System fail

due to natural or other disasters. The existing OCDM radio networks, presently being upgraded will provide some of the initial necessary backup. These networks from National Headquarters level to regional level to State level, have both voice and teletypewriter capability. Ultimately the radio back-up should have multi-channels which would be capable of integration into the land line portion of the FCACS for both voice and teletypewriter, as well as other record communications. Additional radio back-up, particularly within States, will be provided by the RACES program.

I. Control and Accounting -

1. Equipments to control the load during emergency periods are presently installed in the switching centers in the FCACS. The control of the load on circuits would be directed toward non-essential non-government service and those government functions not assigned an essential wartime function. By prior arrangements, the Government would have full use of the capabilities of the switching centers within the System.

2. The majority of the local switching centers have automatic or semiautomatic message accounting of calls originating at these centers. As direct distance dialing increases, more and more offices will have this feature. The use of this feature provides the means of accounting for originating traffic.

3. A key register is contemplated for all local lines into the System. These registers indicate the number of calls made and also attempts where the line or called station was busy. Such a register will provide necessary information for traffic engineering.

SUPPLEMENT

III. SYSTEM OPERATION

A. Telephone -

1. Operator dialing at Government-operated PBXs will be employed throughout the System as a means of control. To make a call over FCACS subscribers will dial zero or a special level on the associated PBX. The originating operator will prepare a ticket for each call or make a notation on a log sheet. If the FCACS circuits are consistently busy, urgent calls may be placed into the public message network.

2. Calls made to one of the areas served by the FCACS to other than a Government subscriber would be handled in the following manner:

   a. Special numbers associated with the local area would be established for this purpose.

   b. Distant operators calling this special number would connect to a designated switchboard in the local area.

   c. The appearance on the local switchboard would indicate that service in the local area is required and, therefore, the local area switchboard would complete the call on request.

B. Teletypewriter -

1. Operators will prepare tapes of all messages to be sent. The 3-digit area code followed by the 7-digit office and station code will be placed at the start of the prepared tape. The teletypewriter station terminal equipment will then place the call automatically. The first attempt will be made on the FCACS trunks. Should a busy be encountered on the first attempt, the operator will make subsequent attempts, as required.

The priority of the message will determine whether the message should be held or transmitted over the public message facilities.

C. Telephoto and Data-

1. Associated with all telephoto and data terminals will be a telephone subset for the purpose of placing calls and coordinating the transmission.

D. Service Centers -

1. Initially a minimum of two service centers, one on the East Coast and one on the West Coast will be established to provide specialized subscriber service. These centers will be staffed to process unusual service complaints and will have the necessary equipment to establish conference calls and handle multi-address and broadcast teletypewriter messages. As other miscellaneous services are required, these centers can expand.

E. Directory Service -

1. The System Operating Agency would be responsible for providing a national directory for service points on the System. This directory would give the station numbers and indicate the type of service at each point. It would provide information for the use of the service; such as service center location, location of assistance centers, conference call instructions, off-line relay points for message service and any other information pertinent to the efficient operation of the System.

F. Maintenance -

1. The maintenance of all leased equipment, including switching centers, transmission facilities, and terminal equipments, will be performed by the lessor. Government-owned equipment (including cryptographic and radio equipment) may be maintained by the System Operating Agency, the agencies or contractors, as appropriate.

SUPPLEMENT

G. **Cryptographic Service** -

1. The System Operating Agency will procure and issue the necessary cryptographic equipment and supplies to those departments and agencies within the FCACS. An exception to this will be those departments and agencies with a sufficient volume of business to justify a separate account with the National Security Agency.

H. **Washington Area** -

1. The proposed method of handling the circuitry within the Washington Area is shown in drawing No. 3. The secondary center would be located outside of Washington in a protected facility. All long distance circuits for use by Washington would be terminated in this switching center, except a few high usage circuits which would be terminated on the existing Government tandem switchboard. A local switching center would be established in Washington, with circuits back to the secondary center. Circuits from the many agency switchboards in Washington as well as from any teletypewriter terminals would connect to the local switching center. Calls to points throughout the United States would flow through the local center to the secondary center. Calls being completed to the Washington Area would flow through the secondary center to the local Washington switching center to the respective agency. Calls to non-Government agencies in the Washington Area would be completed to the Government tandem switchboard where they would be manually completed to the desired exchange number. This method of operation takes the vital long distance circuits out of the Washington target area and makes them available to serve the National Relocation Sites in emergencies without duplication of facilities.

SUPPLEMENT

IV. COST ESTIMATES

A. Present Estimates, All Agencies and Departments -

1. Average annual recurring costs of civil agency communications for fiscal year 1960 are estimated below. These estimates are based on information supplied by the agencies and by the commercial companies, and are as follows:

Telegrams (incl. GSA "re-files")	$ 1,955,000
Teletypewriter Exchange Service (TWX)	800,000
Leased Private Line Teletypewriter Service	6,970,000
Leased Private Line Telephone Services	7,527,000
Leased Private Line Facsimile Services	1,000,000
Inter-city Telephone ("tie-line") Service	500,000
Message Forwarding ("re-file") Charges (paid Army)	125,000
Telephone Calls	16,839,000
Telephone Switchboard and Local Service	10,285,000
Headquarters Relocation Communication Services	2,706,000
Total	$48,707,000

Costs of excepted networks (included in above totals) -

Department of Commerce (Weather Bureau Facsimile)	1,000,000
FAA Teletypewriter Service	3,388,000
FAA Voice Service	5,124,000
FCC Teletypewriter Service	91,000
Department of State Teletypewriter Service	5,000
TVA Teletypewriter Service	10,000
AGRI Commodity Stabilization & Marketing News Service	301,450
Total	$ 9,919,450

SUPPLEMENT

B. Future Cost Estimates -

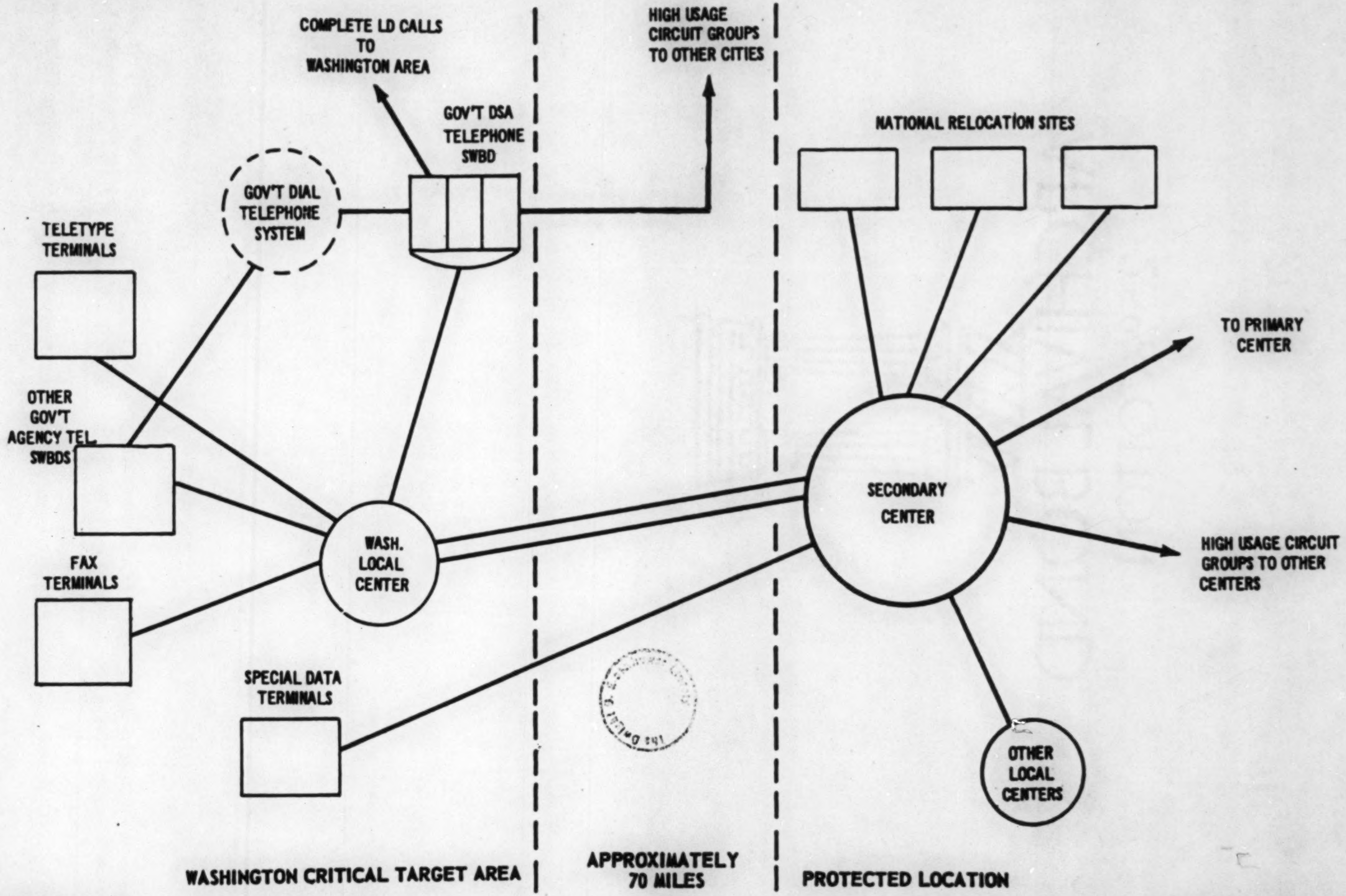
1. Estimated annual costs for civil agencies and departments -

FCACS, Circuits, (incl. switching centers) PBXs and Local Service	37,285,000
Telegrams and TWX Messages (includes re-file cost estimates)	1,500,000
Telephone Tolls	2,000,000
Excepted Networks	9,919,450
Total	$ 50,704,450

2. Estimated Installation, FCACS (one-time charge) $550,000

3. Future Cost Estimates for Increased Requirements are not predictable.

LAYOUT OF FCACS TO SERVE WASHINGTON AREA


COMPLETE LD CALLS TO WASHINGTON AREA
HIGH USAGE CIRCUIT GROUPS TO OTHER CITIES
NATIONAL RELOCATION SITES
GOV'T DSA TELEPHONE SWBD
GOV'T DIAL TELEPHONE SYSTEM
TELETYPE TERMINALS
OTHER GOV'T AGENCY TEL. SWBDS
FAX TERMINALS
WASH. LOCAL CENTER
SPECIAL DATA TERMINALS
SECONDARY CENTER
TO PRIMARY CENTER
HIGH USAGE CIRCUIT GROUPS TO OTHER CENTERS
OTHER LOCAL CENTERS
WASHINGTON CRITICAL TARGET AREA
APPROXIMATELY 70 MILES
PROTECTED LOCATION

DRAWING NO. 3

PRELIMINARY COMMUNICATION POINTS

ALABAMA
- Auburn
- Birmingham
- Huntsville
- Mobile
- Montgomery
- Tuscaloosa
- Tuskegee

ARIZONA
- Nogales
- Phoenix
- Prescott
- Tuscon
- Yuma

ARKANSAS
- Fayetteville
- Fort Smith
- Little Rock

CALIFORNIA
- Chico
- Fresno
- Los Angeles Area
- Sacramento
- San Diego
- San Francisco Area
- Santa Barbara Area
- Santa Rosa

COLORADO
- Colorado Springs
- Denver Area
- Fort Collins
- Grand Junction
- Las Animas
- Pueblo

CONNECTICUT
- New London Area
- Hartford Area
- New Haven

DELAWARE
- Dover
- Newark
- Wilmington (Delaware City)

DISTRICT OF COLUMBIA
- Washington

FLORIDA
- Cocoa Beach
- Gainesville
- Jacksonville Area
- Miami Area
- Orlando
- St. Petersburg - Tampa Area
- Tallahassee

GEORGIA
- Athens
- Atlanta
- Augusta
- Dublin
- Macon
- Savannah
- Thomasville

IDAHO
- Boise
- Idaho Falls
- Scoville

ILLINOIS
- Champaign
- Chicago Area
- Danville
- Decatur
- E. St. Louis Area
- Moline
- Peoria
- Springfield

INDIANA
- Evansville
- Fort Wayne
- Indianapolis
- Lafayette
- Pendleton

IOWA
- Ames
- Burlington
- Clinton
- Des Moines
- Iowa City
- Knoxville
- Sioux City

KANSAS
- Kansas City
- Topeka
- Wichita

KENTUCKY
- Frankfort
- Lexington
- Louisville
- Paducah

LOUISIANA
- Alexandria
- Baton Rouge
- New Orleans
- Shreveport

MAINE
- Augusta
- Portland
- Presque Isle

MARYLAND
- Baltimore
- Frostburg
- Germantown
- Hagerstown
- Olney
- Pikesville
- Westminster

MASSACHUSETTS
- Boston Area
- Harvard
- Natick
- Springfield Area
- Worcester

MICHIGAN
- Ann Arbor
- Battle Creek
- Detroit
- Lansing

MINNESOTA
- Duluth
- Mankato
- Minneapolis-St. Paul
- Rochester
- St. Cloud

MISSISSIPPI
- Biloxi
- Jackson

MISSOURI
- Columbia
- Jefferson City
- Kansas City Area
- Rolla
- Springfield
- St. Louis Area

MONTANA
- Billings
- Butte
- Great Falls
- Helena

NEBRASKA
- Grand Island
- Lincoln
- North Platte
- Omaha

NEVADA
- Las Vegas Area
- Reno-Carson City Area

NEW HAMPSHIRE
- Concord
- Lebanon
- Manchester

NEW JERSEY
- Atlantic City
- Newark Area
- Somerville
- Trenton Area

NEW MEXICO
- Albuquerque
- Las Vegas
- Sante Fe

NEW YORK
- Albany Area
- Batavia
- Bath
- Beacon
- Binghamton
- Buffalo
- East Northport
- New York City
- Peekskill
- Rochester
- Syracuse
- Tupper Lake

NORTH CAROLINA
- Asheville
- Charlotte
- Durham
- Fayetteville
- Greensboro
- Raleigh
- Salisbury
- Winston Salem

NORTH DAKOTA
- Bismarck
- Devil's Lake
- Fargo
- Minot

OHIO
- Chillicothe
- Cincinnati
- Cleveland
- Columbus
- Dayton
- Hamilton
- Piketon
- Portsmouth
- Toledo
- Youngstown

OKLAHOMA
- Muskogee
- Oklahome City
- Tulsa

OREGON
- Corvallis
- McMinnville
- Portland
- Salem

PENNSYLVANIA
- Altoona
- Butler
- Chambersburg
- Coatesville
- Harrisburg
- Lancaster
- Lebanon
- Philadelphia
- Pittsburgh
- Reading
- Scranton
- Wilkes Barre

RHODE ISLAND
- Providence

SOUTH CAROLINA
- Charleston
- Columbia
- Greenville
- Savannah River

SOUTH DAKOTA
- Aberdeen
- Huron
- Rapid City
- Sioux Falls

TENNESSEE
- Chattanooga
- Clarksville
- Johnson City
- Knoxville
- Memphis
- Murfreesboro
- Nashville
- Oak Ridge

TEXAS
- Abilene
- Amarillo
- Austin
- Brownsville
- Corpus Christi
- Dallas
- Denton
- El Paso
- Fort Worth
- Galveston
- Houston
- Lubbock
- Temple
- San Angelo
- San Antonio
- Waco
- Wichita Falls

UTAH
  Ogden
  Salt Lake City

VERMONT
  Burlington
  Montpelier
  White River Junction

VIRGINIA
  Charlottsville
  Norfolk
  Richmond
  Roanoke
  Warrenton

WASHINGTON
  Everett
  Olympia
  Pullman
  Richland Area
  Seattle
  Spokane
  Tacoma
  Yakima

WEST VIRGINIA
  Beckley
  Charleston
  Huntington
  Martinsburg
  Parkersburg

WISCONSIN
  Madison
  Milwaukee
  Stevens Point

WYOMING
  Cheyenne